



SECTION 3 POLICY

Proposed Revision June 23, 2021

The Public Housing Agency of the City of Saint Paul (PHA) is committed to complying with Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1994. Section 3 requires that, to the greatest extent feasible, employment and other economic opportunities generated by HUD funds be directed to low- and very low-income residents. Federal regulations at 24 CFR Part 75 establish the standards and procedures to be followed by public housing authorities in order to ensure that the requirements of Section 3 are met.

The goal of Section 3, to provide employment and other economic opportunities to public housing residents and other community residents with low incomes, supports the PHA's mission of helping residents "achieve greater stability and self-reliance".

I. Definitions

- A. A "**Section 3 Worker**" includes any worker who currently fits or when hired within the past five years fit at least one of the following categories, as documented:
1. The worker's income for the previous or annualized calendar year is below the income limit established by HUD.
 2. The worker is employed by a Section 3 Business Concern.
 3. The worker is a YouthBuild participant.

To be considered a Section 3 resident, a person who is not a public housing resident or a Section 8 voucher participant will be required to certify their annual income on an approved certification form.

- B. A "**Targeted Section 3 Worker**" includes workers who are:
1. Employed by a Section 3 Business Concern; or
 2. A worker who fits at least one of the following categories, as documented within the past five years:
 - a. A resident of public housing project or Section 8-assisted housing;
 - b. A resident of other public housing projects or Section 8 assisted housing managed by the PHA; or

c. A YouthBuild participant.

C. A “**Section 3 Business Concern**” is defined as a business meeting at least one of the following criteria, documented within the last six-month period:

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

A Section 3 Business Concern that is certified as such by another governmental entity is also considered to be a Section 3 Business Concern by the PHA upon completion of an approved certification form.

All PHA contractors are required to disclose their Section 3 status.

II. Goals. To comply with Section 3 and achieve the PHA’s mission, the PHA has adopted the following goals:

A. PHA Hiring: To the greatest extent feasible, at least 20% of the aggregate number of covered labor hours worked each year at the PHA will be by Section 3 Workers. An additional 5% of the aggregate number of covered labor hours worked each year at the PHA will be by Targeted Section 3 Workers.

B. Contracting: The PHA, its contractors and subcontractors will make best efforts to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 workers. A contractor that is not a Section 3 Business Concern will, to the greatest extent feasible, utilize Section 3 Workers for at least 20% of the aggregate number of labor hours worked under the contract and Targeted Section 3 Workers for at least 5% of the aggregate number of labor hours worked under the contract.

C. Other Efforts: In addition to the hiring and contracting goals identified above, the PHA will also do the following:

1. Engage in outreach efforts to generate job applicants who are Section 3 Workers and Targeted Section 3 Workers;
2. Maintain a Section 3 Training Fund to help promote and increase Section 3 opportunities for PHA residents;
3. Provide training or apprenticeship opportunities;
4. Provide technical assistance to help Section 3 Workers compete for jobs;
5. Hold events to generate job opportunities for Section 3 Workers;
6. Engage in outreach efforts to identify and secure bids from Section 3 Business Concerns.

D. Contributions to Section 3 Training Fund: To increase other economic opportunities for Section 3 Workers, the PHA will require a contractor that is not a Section 3 Business Concern and that is unable to achieve the goals stated in this section, to contribute an amount of 2.5% of the total contract amount to the PHA's Section 3 Training Fund. The following types of contracts will not subject to the PHA's requirements of contributing to the Section 3 Training Fund:

1. A contract that is a continuation of a previously-approved non-competitive contract; for example, maintaining proprietary computer software;
2. A unit price contract;
3. Insurance Contracts: Health and dental insurance, property insurance, liability insurance, workers' compensation insurance, etc.
4. Emergency contracting;
5. Leasing equipment;
6. Elevator repair contracts;
7. Contracts for services totaling less than \$10,000.

III. Exceptions. The following types of contracts are not subject to Section 3 requirements. The PHA will still try to award such contracts to qualified Section 3 businesses.

- A. Professional Services Contracts: Non-construction services that require an advanced degree or professional licensing are excluded from Section 3 requirements (e.g., architectural, engineering, legal, and audit services).
- B. Material Supply Contracts: Section 3 requirements do not apply to contracts for the purchase of equipment, supplies, and materials.