

public housing fact sheet #21: “Section 3” Job Opportunities for Public Housing Residents

questions answered in this fact sheet:

- What is “Section 3”?
- Who benefits from Section 3?

important terms:

- contractor: a company that is hired to do work. The company signs a contract that tells exactly what they will do and how much it will cost.
 - HUD: The U.S. Department of Housing & Urban Development. HUD is the government agency that oversees all housing authorities. HUD may review what your housing authority is doing about Section 3.
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1. WHAT IS “SECTION 3”?

Section 3 is a federal law that says that housing authorities have to try to provide employment, contracting, and training opportunities for low-income public housing residents and other low-income people who live nearby. Public housing residents and other low-income people who live nearby are called “Section 3 Residents”.

Here are the goals of Section 3:

- (1) 30% of all new people hired by the housing authority or its contractors will be Section 3 residents.
- (2) 10% of all contractors hired by the housing authority have to be businesses owned by Section 3 residents.
- (3) 3% of all contractors hired by the housing authority to do non-building work have to be Section 3 businesses.

Some housing authorities do better than these goals. Others don’t always meet them. But they should make their best effort to do so.

2. HOW IS SECTION 3 SUPPOSED TO WORK?

Here is one example of how Section 3 is supposed to work:

Let’s say your housing authority wants to build a playground and child care center on the grounds of your public housing development. It wants to find an outside company (called a “contractor”) to do all of the planning, construction and landscaping. The contractor finds out that it has to hire 10 new people in order to complete the work. Section 3 says that 30% of all new hires have to be Section 3 residents. In this case, the contractor would have to hire **three** Section 3 residents. The other **seven** people can be anyone else they want to do the work. The housing authority could make the rules more strict if it wanted: it could require the contractor to hire more than 30%.

This is just one example. There are many other scenarios.

3. WHO IS A “SECTION 3 RESIDENT”?

A Section 3 resident is:

- a public housing resident
- a low-income person who lives in the area

4. WHAT IS A “SECTION 3 BUSINESS”?

A Section 3 business is:

- a business that is majority-owned by a Section 3 resident or residents
- a business that has a good number of Section 3 residents as employees. Out of the permanent and full-time employees, about one-third have to be Section 3 residents.
- a business that commits to hire Section 3 businesses as “sub-contractors”. (A business that receives a contract from a housing authority to do work can then hire another business to do some of the work.) For the larger contractor to get credit as a Section 3 business, the Section 3 subcontractors have to receive 25% of the original contract amount.

5. WHO GETS A JOB OR CONTRACT FIRST?

To meet the Section 3 goal of 30% of new hires, some people take priority over others when jobs become available. The following list is used to decide who is offered a job first:

- (1) public housing residents who live in the development where the work will be done
- (2) public housing residents who live in other developments
- (3) participants in HUD Youthbuild (a community program for young people)
- (4) other low-income residents who live in the area (including individuals who get Section 8)

These same priorities apply to selecting Section 3 contractors to meet the Section 3 goals.

6. WHAT KIND OF JOBS ARE AVAILABLE THROUGH SECTION 3?

Many different kinds of jobs and training opportunities are available through Section 3.

The first big category is called the “building trades”. This includes positions like: carpenters, masons, electricians, roofers, pipe fitters, and laborers. Some estimates say that more than 16,000 jobs in the building trades should be available each year from Section 3. People who work in a building trade can make very good wages, especially if they join a union.

Also, there are job and training opportunities for positions in management, maintenance, and operation of public housing. Job activities include clerical, maintenance and supportive services.

7. HOW CAN YOU FIND OUT WHAT YOUR HOUSING AUTHORITY IS DOING ABOUT SECTION 3?

You can find out by looking at your housing authority's annual PHA Plan. There should be a "Section 3 Plan" attached to the PHA Plan. The Section 3 Plan is a separate document and will have more details about what your housing authority is doing about Section 3.

Residents have a right to read and review these documents. The best thing to do is ask your housing authority for a copy. For more information about the PHA Plan and the PHA Plan process, see "Public Housing Fact Sheet #1: Annual and 5-Year PHA Plans."

8. WHAT GOES INTO THE SECTION 3 PLAN?

Your housing authority should write down the details of its Section 3 program. It should include the steps it will take to meet its Section 3 goals, help residents get training and find work, and help Section 3 businesses get housing authority contracts.

There are many Section 3 activities that a housing authority can do to help residents build employment skills and find jobs and to assist Section 3 businesses. Listed below are examples of good Section 3 policies.

Your housing authority can plan to:

- provide training for residents
- advertise training opportunities in community
- give out information on Section 3 and ask the Resident Council to help
- sponsor resident meetings that talk about job information
- help residents with job interviews and job applications
- work with outside agencies to help find and hire Section 3 residents
- hire a permanent staff person to be the housing authority's Job Coordinator
- keep track of eligible Section 3 residents so they can be contacted easily
- always tell contractors to hire a specific number of Section 3 residents
- create a Section 3 Committee to review the housing authority's Section 3 efforts. The Committee could include residents, union members, contractors and a legal services attorney.
- refuse to do business with contractors who did not meet Section 3 goals in the past

In trying to hire more Section 3 businesses, your housing authority can plan to:

- advertise contracting opportunities to Section 3 businesses
- ask the Resident Council to identify Section 3 businesses
- keep track of Section 3 businesses who want to work for the housing authority
- help Section 3 businesses apply for a contract
- help Section 3 businesses get low-interest loans and take care of other business matters
- help Section 3 businesses find government assistance programs

Also, a housing authority should evaluate its Section 3 activities every year. It should ask: Are we meeting our Section 3 goals? How many Section 3 residents getting training and finding work? How many Section 3 businesses are we contracting with? If the goals are not being met, the housing authority should take action to make improvements, meet its goals, and change the Section 3 plan if necessary.

9. WHERE CAN YOU FIND OUT MORE ON SECTION 3? WHAT SHOULD YOU DO IF YOUR HOUSING AUTHORITY IS NOT FOLLOWING THE RULES?

Section 3 can be very complicated. There are a lot of rules and a lot of details.

You might have a lot of questions about Section 3 and you might want to know what your housing authority is doing about it. Below are some ideas about how you can learn more about Section 3 and your housing authority's plans.

- 1. Get involved in the PHA Plan process.** Every year, residents have the opportunity to participate in the PHA Plan process. This is a chance to speak up, ask questions and talk about housing authority policies. It is the best time to ask about Section 3 and what your housing authority is doing to increase jobs for residents.
- 2. Contact a local housing advocate.** Section 3 rules can get very complicated. Legal services attorneys/advocates from your community may be able to help. If you and other residents want to know more about Section 3, the attorney/advocate might be able to come in and do a training session on Section 3 for residents. He or she might also be able to meet with your housing authority staff and ask about their Section 3 activities and plans.
- 3. Contact other community members.** Contact others interested in increasing employment. There may be other groups in your community who can help you with Section 3 issues. For example, unions, organizations of minority- and women-owned businesses, community development corporations, and job training organizations may be interested in Section 3.
- 4. Contact HUD.** HUD is the government agency that is in charge of your housing authority. HUD makes the rules and may be able to provide training on Section 3 for residents and housing authority staff. If you believe that the housing authority is not doing what it should with Section 3, you can also send a letter to HUD asking for a "Section 3 compliance review" of your housing authority. That just means you want HUD to find out what your housing authority is doing—or not doing—about Section 3.

The letter can be signed by any resident. It can also be signed by a group of residents, the Resident Council, or the Resident Advisory Board. More than one person can send a letter.

FOR MORE INFORMATION

- 12 U.S.C. § 1701u
- 24 C.F.R § 135.1–135.92
- HUD Section 3 Web page: <http://www.hud.gov/offices/fheo/section3/section3.cfm>
- NHLP Web site: <http://www.nhlp.org>
- Advocates' Guide to Housing & Community Development Policy, published by the National Low Income Housing Coalition and available on its Web site at: <http://www.nlihc.org/advocates/index.htm>. (Also available in PDF format.)

For additional information on the PHA Plan process:

- Public Housing Fact Sheet #1: Annual and 5-Year PHA Plans
- Public Housing Fact Sheet #2: The Resident Advisory Board (RAB)
- Residents' Guide to the New Public Housing Authority Plans (Center for Community Change, June 1999) available at <http://www.communitychange.org/publications/housingcommdev.htm> (also available in Spanish)

ABOUT THIS FACT SHEET

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