

HRA OF ST. CLOUD (HRA)

SECTION 3 PLAN 2026

Purpose of this Document

This plan outlines how the Housing and Redevelopment Authority of St. Cloud (HRA) and its subrecipients, contractors and subcontractors will comply with HUD's Section 3 requirements in implementing the HRA's HUD funded programs (when applicable).

Purpose and Administration

Section 3 is a provision of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) that is regulated by the provisions of 24 CFR 75. Section 3 regulations ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low and very low-income persons.

Section 3 Coordinator

The HRA's Section 3 Coordinator serves as the central point of contact for Section 3 compliance for the HRA and its subrecipients, contractors, and subcontractors supporting the program. Subrecipients, contractors, subcontractors, and others are encouraged to reach out to the HRA's Section 3 Coordinator with questions regarding Section 3 compliance:

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Applicability

For public housing financial assistance, all funding is covered, regardless of the amount of expenditure or size of a contract. This plan applies to development assistance, operating funds, capital funds, and all mixed-finance development.

For housing and community development financial assistance, this plan applies to housing rehabilitation, housing construction, and other public construction projects that exceed \$200,000 or more of housing and community development financial assistance from one or more HUD programs. Applicability is determined at the project level.

Section 3 requirements do not apply to material supply contracts.

The Section 3 worker and Targeted Section 3 worker are defined in 24 CFR Part 75. Section 3 Requirements as outlined in 24 CFR Part 75, and the Implementation Guidance on the Final Rule outlined in PIH 2022-10.

General Requirements

The HRA will encourage contractors and subcontractors to make best efforts to award contracts and subcontracts to Section 3 business concerns. The expectations of the contractor and subrecipient will be discussed prior to contract execution.

The HRA will, to the greatest extent feasible, ensure that employment and other economic opportunities are directed to low and very low-income persons (Section 3 workers and Targeted Section 3 workers) and to eligible businesses (Section 3 Businesses) and requires the same of its contractors.

The HRA may provide an orientation and training about Section 3 to potential and impacted stakeholders if determined necessary (such as but not limited to trade and labor unions).

The HRA reviews Section 3 requirements with bidders.

If the HRA does not meet its benchmarks, it will provide to HUD in the prescribed format, necessary qualitative information that describes the activities undertaken by the HRA and its contractors and subcontractors.

The HRA may amend its Section 3 Plan more than every 3 years, if deemed necessary to ensure continued compliance with HUD's requirements, reflect updated Section 3 guidance, and implement necessary changes to goals, and outreach strategy.

Benchmarks

Safe Harbor Compliance

The HRA will be considered to have complied with the Section 3 requirements and met safe harbor, if they certify that they followed the required prioritization of effort and met or exceeded the Section 3 benchmarks, absent evidence of the contrary.

Prior to the beginning of work, contractors and subcontractors will be required to certify that they will follow the required prioritization of effort for Section 3 workers, Targeted Section 3 workers and Section 3 business concerns as outlined below. After completion of the project, contractors and subcontractors will be required to certify that they followed the prioritization of effort requirements and be required to report outcomes and necessary information as required by HUDs Section 3 reporting requirements.

Safe Harbor Benchmarks

The HRA has established employment and training goals that subrecipients, contractors, and subcontractors should meet in order to comply with Section 3 requirements outlined in 24 CFR 75.9 – for public housing financial assistance. The safe harbor benchmark goals are as follows:

1. Twenty-five (25) percent or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA's fiscal year are Section 3 workers;
Section 3 Labor Hours/Total Labor Hours = 25%

AND

2. Five (5) percent or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA's fiscal year are Targeted Section 3 workers, as defined at 24 CFR 75.11. Targeted Section 3 Labor Hours/Total Labor Hours = 5%

HUD establishes Section 3 benchmarks and typically updates these once every 3 years. The HRA will review any updates to the HUD published benchmarks and modify the HRA's Section 3 Plan as appropriate and implement necessary changes.

It is the responsibility of contractors to implement efforts to achieve Section 3 compliance.

Employment and Training

Prioritization of Effort

Contractors and subcontractors will be expected to make best efforts to follow the prioritization of effort requirements as they provide employment and training opportunities to Section 3 workers.

Contractors and subcontractors will be required to certify to their best efforts for providing employment and training opportunities. They will also be required to certify that they followed the order of prioritization prior to the beginning of work and after work is completed.

Order of prioritization:

1. Residents living in public housing project or residents of Section 8-assisted housing where the financial assistance is expended, or residents living within a 1-mile radius of the project site.
2. Participants in YouthBuild Programs;
3. Low and very low-income persons residing within the metropolitan area (or nonmetropolitan county) in which the assistance is expended.

Contracting

Prioritization and Effort

Contractors and subcontractors will be expected to make their best efforts to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 workers.

Contractors and subcontractors will be required to certify to their best effort to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 workers, and follow the order of prioritization prior to the beginning work and after work is completed.

Contractors and subcontractors will be required to certify to their best efforts for providing employment and training opportunities. They will also be required to certify that they followed the order of prioritization prior to the beginning of work and after work is completed.

Order of prioritization:

1. Section 3 business concerns that provide economic opportunities for residents of public housing projects for which the assistance is provided;
2. Section 3 business concerns that provide economic opportunities for residents of other public housing projects or Section 8 – assisted housing managed by the PHA that is providing assistance;
3. YouthBuild programs; and
4. Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which the assistance is provided.

Section 3 Eligibility and Certifications

Eligibility

Individuals and businesses that meet Section 3 criteria may seek a Section 3 preference from the HRA or its contractors/subcontractors for training, employment, or contracting opportunities generated by public housing financial assistance.

Businesses who misrepresent themselves as Section 3 business concerns and report false information to the HRA may have their contracts terminated as default and be barred from ongoing and future considerations for contracting opportunities.

The HRA will not knowingly contract with any contractor that has been found in violation of the Section 3 regulations.

Businesses may seek Section 3 Business Concern preference with proper documentation.

Certification

To qualify as a Section 3 worker, Targeted Section 3 worker or a Section 3 business concern, each must self-certify that they meet the applicable criteria.

Section 3 workers and Targeted Section 3 workers who are seeking preference in training and employment must submit the Section 3 Worker and Targeted Section 3 Worker Certification Form.

Section 3 Worker and Targeted Section 3 Worker

A Section 3 worker seeking certification shall submit self-certification documentation to the contractor or subcontractor as applicable. For the purposes of Section 3 worker eligibility, the HRA will use individual income rather than family/household income to determine eligibility.

The income limits will be determined annually using the guidelines published at <https://www.huduser.org/portal/datasets/il.html>

Persons seeking a Section 3 worker preference shall demonstrate that they currently meet, or met the requirement when hired (within the past 5 years) and be able to document eligibility for the preference as applicable below:

1. Low or very low-income resident (the worker's income for the previous or annualized calendar year is below the income limit established by HUD); or
2. Employed by a Section 3 business concern; or
3. YouthBuild participant.

Persons seeking the Targeted Section 3 worker preference shall demonstrate that it meets one or more of the following criteria:

1. Employed by a Section 3 business concern or
2. Currently meets or met when hired at least one of the following categories:

(all preferences must be documented):

- a. Resident of public housing; or
- b. Resident of other public housing projects or Section 8–assisted housing; or
- c. YouthBuild participant.

Section 3 Business Concern Certification

Businesses may seek Section 3 Business Concern preference by demonstrating that it meets one or more of the following criteria:

1. At least 51 percent of the business is owned and controlled by low or very low-income persons;
- Or
2. At least 51 percent of the business is owned and controlled by current public housing residents or residents who currently live in Section 8–assisted housing; or
3. Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers.

Businesses that seek Section 3 preference shall certify, or demonstrate to the HRA, contractors or subcontractors, that they meet the definitions in this plan.

Businesses may demonstrate eligibility by submitting the Section 3 Business Self-Certification Form that is attached.

Section 3 Business Concern Certification Forms must be completed at the time of award. The Section 3 Business Concern Certification Form will expire after 12 months. Establishing a 12-month certification of eligibility period allows the St. Cloud HRA the ability to access contractor performance to ensure the business is striving to meet the required goals.

Assisting Contractors with Achieving Section 3 Goals

HRA Assistance towards goals

The HRA will do the following:

1. Share the Section 3 Plan with contractors and subcontractors and explain policies and procedures;
2. Encourage contractors wishing to submit a bid/quote/proposal to attend pre-bid meeting;
3. Require contractor to sign the Section 3 business self-certification form after bid award;
4. Review Section 3 benchmarks and prioritization of effort with contractors and subcontractors to ensure that the goals are understood; and

It is not intended for contractors and subcontractors to terminate existing employees, but to make every effort feasible to meet Section 3 benchmark goals by utilizing existing qualified workforce and consider qualified eligible Section 3 workers and Targeted Section 3 workers (per the prioritization of effort outlined above) when hiring additional employees. Consideration of qualified eligible Section 3 workers and Targeted Section 3 workers must occur before others are hired for the project.

5. Leverage the HRA's communication outlets to effectively communicate employment and contracting opportunities that arise.

Outreach Efforts

For Employment and Training

Section 3 Training and Technical Assistance

The HRA's Section 3 Coordinator will be prepared to provide training and technical assistance on a regular basis per program guidelines. Training and technical assistance will provide necessary education on Section 3 requirements for workers, contractors and other community partners.

Training Opportunities for potential Section 3 workers

When training opportunities are available, contractors and subcontractors should, to the greatest feasible:

1. Notify the Section 3 Coordinator when training opportunities are available; and
2. Provide information/handouts about Section 3 training opportunities to potential Section 3 workers and Targeted Section 3 workers

Contractors and subcontractors should employ several active strategies to notify Section 3 workers and Targeted Section 3 workers of Section 3 job opportunities, which may include:

1. Clearly indicating Section 3 eligibility on all job posting with the following statement: "This job is a Section 3 eligible job opportunity. We encourage applications from individuals that are low income and/or live in Public Housing and/or receive a Section 8 voucher.";
2. Utilize available resources to find qualified candidates;
3. Establishing a current list of Section 3 eligible applicants;
4. Contacting local community organizations and provide them with job postings for Section 3 eligible applicants; and
5. Advertise opportunities on HRA website, list serve, posting in apartment buildings, Workforce Center, and other places as appropriate.

For Contracting

When contracting opportunities arise, the HRA will employ the following strategies to notify Section 3 Business Concerns of Section 3 contracting opportunities, including but not limited to:

1. Adding Section 3 language to all RFP's, procurement documents, bid offerings and contracts.
2. Connecting Section 3 business concerns with resources to support business development to assist in obtaining contracting opportunities. Contractors will also be encouraged to collaborate with the HRA as subcontract opportunities arise in an effort to notify eligible Section 3 business concerns about the contracting opportunities.

For Employment and Training

The HRA will partner with local resources to promote job fairs, job postings, education opportunities, apprenticeships, and other trainings the HRA is made aware of. The HRA will promote career expansion, promote job opportunities, and encourage resident engagement to the extent practical. The HRA will encourage self-sufficiency initiatives and be a resource to

residents as appropriate. The HRA will continue to explore new initiatives that provide opportunities that support employment and training.

The HRA will utilize the digital signage installed at the main office and the various properties to promote opportunities for employment and training.

Section 3 Contracting Policy and Procedure

Procurement Policy

The HRA will incorporate Section 3 in its existing Procurement Policy.

Documentation

The HRA will use the Section 3 Plan and relevant forms, supporting documentation, certifications, and contracts to demonstrate compliance with the regulation.

All contractors/businesses seeking Section 3 status will be required to complete the required forms, such as the Section 3 Business Self-Concern Certification Form, but not limited to.

Section 3 Provisions/Contract Language

The HRA will include standard Section 3 language in all of its contracts to ensure compliance with regulations in 24 CFR Part 75.

The HRA will take appropriate actions upon finding that a contractor is in violation of 24 CFR Part 75.

Contractors and subcontractors are required to include language in all Section 3 covered contracts or agreements for subcontractors to meet the requirements of 24 CFR Part 75.9.

For businesses, noncompliance with HUD's regulations in 24 CFR Part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

Reporting Requirements

For Section 3 covered contracts, contractors must submit a report to the HRA in an acceptable format to include total hours worked on the project for the program year to the HRA's Section 3 Coordinator annually, and/or at the end of project.

The HRA's Section 3 Coordinator will submit the Section 3 data into the required Section 3 report each year.

Section 3 Complaint Procedure

A complaint may be filed with HUD. The HUD program office responsible for the public housing financial assistance is the local HUD field office. These offices can be found through the HUD website, www.hud.gov/.

Complainants may be eligible to bring complaints under other federal laws. The U.S. Equal Employment Opportunity Commission (EEOC) is responsible for enforcing federal laws that make it illegal to discriminate against a job applicant or an employee because of a person's race, color, religion, sex, (including pregnancy), national origin, age (40 or older), disability or genetic information (medical history or predisposition to disease). For more information about complainant rights, please contact EEOC at www.EEOC.gov.

The Department of Labor Office of Federal Contract Compliance Programs (OFCCP) enforces, for the benefit of job seekers and wage earners, the contractual promise of affirmative action and equal employment opportunity required of those who do business with the Federal government. More information about the services they provide can be obtained at <http://www.dol.gov/ofccp/>.

Resources

Local Workforce Employment and Development Agencies

CareerSolutions

St. Cloud Technical and Community College

Labor and Trade Associations