



Jim Haining <jhaining@gmail.com>

FROM MIKE GIFFORD: Section 3 Letter [Notice from HUD]

1 message

HAPA <mgifford@procurementassistance.org>
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To: jhaining@gmail.com

Tue, Dec 1, 2020 at 6:35 PM

**Housing Agency Procurement Assistance**

Housing Agency Procurement Assistance

Dear Housing Professional,

I am distributing this notice nationwide as a public service to housing agencies. The Section 3 Program has changed dramatically (and, in my opinion, NOT "for the better!"). And, these changes will probably have a dramatic affect on your housing agency's ability to provide services, not just pertaining to procurement and contracts, but pertaining to your programs overall. I have recently issued a number of Notices pertaining to these changes that can be viewed within the "Notices Issued" area of my website, procurementassistance.org. I strongly (STRONGLY) recommend that every housing agency seek to become educated as to this issue. Two groups that I am aware are doing presentations as to this issue are NAHRO (the national office) and Keith Swiney of Motivation, Inc. You can find both groups on the Internet, and I recommend that you do so and get educated! I am NOT to be considered to be a Subject Matter Expert pertaining to this revised Section 3 Program.

Regards,
Mike Gifford, C.P.M., CPSD
Housing Agency Procurement Assistance (HAPA)

BEGINNING OF MESSAGE**U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT**

WASHINGTON, DC 20410-5000

ASSISTANT SECRETARY
FOR PUBLIC AND INDIAN HOUSING

December 1st, 2020

Dear Executive Director,

On September 29, 2020, the U.S. Department of Housing and Urban Development (HUD) published a Final Rule entitled “Enhancing and Streamlining the Implementation of Section 3 Requirements for Creating Economic Opportunities for Low- and Very Low-Income Persons and Eligible Businesses” (Section 3 Final Rule) in the *Federal Register* at 85 FR 61524 (codified at 24 CFR Part 75).^[1] This Section 3 Final Rule has an effective date of November 30, 2020. There is also an associated Benchmark Notice.^[2]

Section 3 of the U.S. Housing and Urban Development Act of 1968 requires recipients of certain HUD funds to make economic opportunities, to the greatest extent feasible, available for low- and very low-income individuals, especially recipients of federal housing assistance living in the areas where HUD funds are spent and to businesses that provide economic opportunities to low- and very low-income persons.

The Section 3 Final Rule removes and replaces the Section 3 regulations codified at 24 CFR Part 135. This Final Rule is designed to focus on economic opportunity outcomes while simultaneously reducing regulatory burden, improving Section 3’s effectiveness, streamlining some processes that have not yielded significant benefits, and encouraging HUD grantees to focus on sustained employment for low- and very low-income individuals.

HUD is mindful of the need for grantees to update policies and procedures for planning purposes and the importance of implementing the Final Rule such that employers will be able to comply with it.

Therefore, while comprehensive Section 3 guidance is forthcoming, we would like to provide clarification on the following issues:

- After November 30, 2020, Section 3 regulations codified at 24 CFR Part 135 (Old Rule) will not apply to new grants, commitments, or contracts. Existing grants, commitments, or contracts (pre-November 30, 2020 agreements) will remain subject to the requirements applicable at the time of execution of these agreements unless these agreements include language applying all revisions to statute and regulations.
- As of November 30, 2020, PHAs' requirement to report their Section 3 activities and efforts starts 60 days after the end of their first fiscal year that begins after July 1, 2021. See chart below to determine your PHA's reporting schedule.

Fiscal Year End	New Reporting Period Begins	New Reporting Period Ends
6/30/21	7/1/21	6/30/22
9/30/21	10/1/21	9/30/22
12/31/21	1/1/22	12/31/23
3/31/22	4/1/22	3/31/23

- HUD will consider the time between November 30, 2020, and a PHA's required reporting start date to be a transition period during which employers and grantees are expected to plan and revise processes, systems and documents to comply with the Final Rule's requirements. During this time, PHAs are still required to support Section 3's goals; specifically, to the greatest extent feasible, continue to direct economic opportunities generated by certain HUD financial assistance to low- and very low-income persons, tenants of public and assisted housing in particular and to businesses that provide economic opportunities to low- and very low-income persons.

For further information, please see program specific requirements. If you have additional questions, please email the Section 3 team at Section3@hud.gov.

Thank you for your continued partnership and support.

With Appreciation,



R. Hunter Kurtz
Assistant Secretary

[1] Link to Final Rule: <https://www.federalregister.gov/documents/2020/09/29/2020-19185/enhancing-and-streamlining-the-implementation-of-section-3-requirements-for-creating-economic>

[2] Link to Benchmark Notice: <https://www.federalregister.gov/documents/2020/09/29/2020-19183/section-3-benchmarks-for-creating-economic-opportunities-for-low--and-very-low-income-persons-and>

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END OF MESSAGE

ABOUT MIKE GIFFORD: Please feel free to visit my no-charge procurement and contracts-mentoring web site, www.procurementassistance.org. After you register, you will receive a username and password to access the material and documents on the website.

I have a consulting practice providing procurement- and contracts-related mentoring, training, and technical assistance to housing agencies. I help housing agencies conduct procurement and contracts in a HUD-compliant and "best practice" manner. [Click here](#) to see my full resume. Please do not hesitate to contact me if you have any questions or concerns pertaining to procurement and contracts (initial answering of questions is "no charge"). As I am either on-the-road or on the phone a lot, an initial contact by e-mail is best; please be sure to include your return telephone number (office/cellular) so that I can call you back.

This email was sent to jhaining@gmail.com by HAPA
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