Sample Section 3 Comment Letter

Regulations Division
Office of the General Counsel
Department of Housing and Urban Development
451 7th Street, Room 10276
Washington DC 20210-0500

Via regulations.gov

Re: FR-4983-P-01
Creating Economic Opportunities for Low- and Very Low-Income Persons and Eligible Businesses Through Strengthened "Section 3" Requirements

Name and brief description of your organization

[Organization] commends HUD for updating and clarifying the Section 3 regulations. The spirit of the 1968 act that created the Section 3 employment, training, and contracting obligations have not been fully realized, in part due to some of the specific provisions of the 1994 interim regulations, as well as some ambiguous language in those regulations. The proposed improvements to the Section 3 regulations are welcome. [Organization] writes to expressly support several proposed improvements, while offering recommendations that would further strengthen a final rule.

[Organization] supports the $400,000 threshold triggering a city's, county's, or state's obligation to comply with Section 3. While we would prefer a lower threshold, we conclude that $400,000 is a reasonable compromise. We urge HUD to resist any calls to raise the threshold to $1 million because such a high threshold would enable too many recipients to avoid meeting the spirit of the Section 3 law.

[Organization] also strongly supports elimination of the $100,000 threshold for triggering a contractor's or subcontractor's obligation to comply with Section 3. It has been too easy for contractors to receive a large amount of HUD funds in a single year to carry out a set of activities, each of which is relatively small such as homeowner rehabilitation, to then avoid Section 3 obligations because the cost of each activity seldom exceeds $100,000.

[Organization] also endorses the new requirement that all recipients develop and adopt official policies and procedures to implement the requirements of the Section 3 regulation. However, we recommend clarifying the regulation which merely calls for official policies and procedures to be updated "as appropriate." We recommend that "a appropriate" be refined to add "at a minimum, every five years when Consolidated Plans and PHA Plans must be updated."

[Organization] recommends that in addition to making official Section 3 policies and procedures, and Section 3 Annual Reports, available to the public upon request, that these documents also be required to be posted on a recipient's website on a relevant, easy to find webpage, and be provided without charging for copying to a reasonable number of Section 3 residents and businesses, upon request.

In light of the Section 3 statute declaring that Section 3 opportunities be afforded, "particularly [to] those who are recipients of government assistance for housing," [Organization] strongly suggests that the order of priority for providing employment and training focus on public housing residents, voucher residents, and residents of privately owned properties assisted with Section 8 project-based rental assistance. The proposed priority descriptions merely refer to "Section 3 residents," which can include households with incomes as high as 80% of the area median income. The much lower incomes of public housing, voucher, an project-based assistance residents implies that they are in greater need of Section 3 employment and training opportunities. Therefore, we recommend that the non-public housing recipient order of priority be augmented by to include seven levels of priority identified in the comments submitted by the National Low Income Housing Coalition.

[Organization] emphatically recommends that HUD no longer use "new hires" as an indicator of compliance with the Section 3 employment and training obligation. Instead, we urge that Section 3 compliance be assessed on the basis of the number of hours worked by Section 3 residents as a percentage of total hours worked by all employees for each job category.

If HUD rejects our emphatic recommendation, we then strongly urge HUD to redefine "new hire" to mean someone who works 100% of the average number hours worked for a specific job category for which the Section 3 resident was hired throughout the duration of time that the work is performed on the project.

Finally, in order for residents of public housing units converted under the Rental Assistance Demonstration (RAD) to benefit from economic opportunities generated by RAD conversion, [Organization] recommends:

a. Revising the definition of "Section 3 covered project or activity" by adding, "including all initial repairs of, or construction to replace, public housing properties identified in the Rental Assistance Demonstration Financing Plan to convert the properties to Section 8 assistance under the Project-Based Voucher (PBV) or Project-Based Rental Assistance (PBRA) programs."
b. Including PBVs in the definition of "rehabilitation."

Thank you for considering these comments.

Sincerely,

Name of key person, email address, phone number