



Housing Authority of **COOK COUNTY**

HOUSING AUTHORITY OF COOK COUNTY

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Chicago, Illinois

SECTION 3 PLAN

Adopted by PHA Board of Commissioners

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SECTION 3 PLAN

BACKGROUND

Section 3 of the Housing and Urban Development (HUD) Act of 1968, as amended by the Housing and Community Development Act of 1992 (Section 3), contributes to the establishment of stronger, more sustainable communities by ensuring that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs are, to the greatest extent feasible, directed toward low and very low-income persons, particularly those who are recipients of government assistance for housing.

Section 3 recognizes that HUD funds are often one of the largest sources of Federal funds expended in low and very low-income communities and, where such funds are spent on activities such as construction and rehabilitation of housing and other public facilities, the expenditure results in economic opportunities.

By directing HUD-funded economic opportunities to residents and businesses in the community where the funds are expended, the expenditure can have the dual benefit of creating new or rehabilitated housing and other facilities while providing opportunities for employment and training for the residents of these communities.

PHA SECTION 3 PLAN OBJECTIVES

The Housing Authority of Cook County (hereinafter referred to as PHA) has developed a Section 3 Plan (Plan) to identify the goals, objectives, and actions that the PHA will implement to ensure the awarding of contracts to contractors, vendors, and suppliers, create employment and business opportunities for residents of the PHA and other qualified low and very low-income persons residing in within the metropolitan area (or non-metropolitan county) in which the assistance is expended. The PHA's efforts to promote Section 3 objectives will be consistent with existing Federal, state, and local laws and regulations.

The PHA requires all contractors, vendors, and suppliers to provide equal employment opportunities to all employees and applicants for employment without regard to race, color, religion, sex, national origin, disability, age, familiar status, marital status, actual or perceived sexual orientation, gender identity, or economic status and to take affirmative action to ensure that both existing employees and applicants are given fair and equal treatment.

The PHA has incorporated Section 3 requirements in its existing Procurement Policy and includes a copy of this Plan in all procurements generated for use with HUD funding. This Plan contains goal requirements for awarding contracts to Section 3 business concerns.

This Plan shall result in a reasonable level of recruitment, employment, and utilization of PHA residents and other eligible persons and business by PHA contractors working on contracts partially or wholly funded by Federal monies. The PHA shall examine and consider a contractor's, vendor's, or supplier's potential for success by providing employment and business opportunities to the PHA's residents prior to acting on any proposed contract award.

All contractors, vendors, suppliers seeking Section 3 preference must, before submitting bids/proposals to the PHA, be required to complete certifications, as appropriate, as acknowledgement of the Section 3 contracting and employment provisions required. Such certifications shall be adequately supported with appropriate documentation as referenced in this Plan.

APPLICABILITY

Section 3 requirements apply to the public housing financial assistance and Section 3 projects as follows:

- Public Housing Financial Assistance:
 - Development assistance provided pursuant to Section 5 of the U.S. Housing Act of 1937;
 - Operations and management assistance provided pursuant Section 9(e) of the U.S. Housing Act of 1937 (Operating Fund);
 - Development, modernization, and management assistance provided pursuant Section 9(d) of the U.S. Housing Act of 1937 (Capital Fund); and
 - The entirety of mixed-finance development project regardless of whether the project is fully or partially assisted with public housing financial assistance.
- Housing and Community Development Section 3 Projects:
 - Housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000.
 - The threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, the Lead-Based Paint Poisoning Prevention Act, and the Residential Lead-Based Paint Hazard Reduction Act of 1992.
 - The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.
 - The requirements apply to an entire Section 3 project regardless of whether the project is fully or partially assisted under HUD programs that provide housing and community development financial assistance.
- Other HUD Assistance and Other Federal Assistance
Recipients that are not subject to Section 3 are encouraged to consider ways to support the purpose of Section 3.

NOTICE OF FUNDING AVAILABILITY (NOFA)

All NOFAs issued by HUD that announce the availability of funding that covers public housing financial assistance and Section 3 projects will include notice that Section 3 is applicable to funding and may include as appropriate for specific NOFAs points or bonus points for Section 3 Plans.

- Where Section 3 is applicable, the inclusion of specific requirements in the regulation regarding the NOFA does not change the PHA's obligation to have a compliant Section 3 implementation strategy.
- Similarly, where Section 3 is not applicable, the regulatory language would not apply.

CHANGES IN LAWS AND REGULATIONS

All issues not addressed in this Section 3 Plan related to the Section 3 program are governed by the Code of Federal Regulations, HUD handbooks and guidebooks, Federal Registers, memos, notices, guidelines, and other applicable law.

In the event an applicable HUD law or regulation is modified or eliminated, the revised law or regulation shall, to the extent inconsistent with this Section 3 Plan, automatically supersede this Section 3 Plan.

REQUIREMENTS

The PHA has established employment, training, and contracting requirements consistent with existing Federal, state, and local laws and regulations to meet and comply with Section 3 requirements.

A. Employment and Training

The PHA and its contractors or subcontractors will make their best efforts to provide employment and training opportunities to Section 3 workers in the following order of priority:

1. To residents of public housing projects for which the public housing financial assistance is expended;
2. To residents of other public housing projects managed by the PHA that is providing the assistance or for residents of Section 8-assisted housing managed by the PHA;
3. To participants in YouthBuild programs; and
4. To low and very low-income persons residing within the metropolitan area (or non-metropolitan county) in which the assistance is expended.

B. Contracting

1. The PHA and its contractors or subcontractors will make their best efforts to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 workers in the following order of priority:
 - a. To Section 3 business concerns that provide economic opportunities for residents of the public housing projects for which the assistance is provided;

- b. To 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 the assistance;
 - c. To YouthBuild programs; and
 - d. To Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or non-metropolitan county) in which the assistance is provided.
2. An executed "Section 3 Program Certification" form must be included with every bid or proposal. Bids or proposal without an executed Section 3 Program Certification form will be considered non-compliant with the Request for Bids or Request for Proposals.
 3. Within 15 calendar days of award of a contract by the PHA, the contractor shall publish a "Notice of Commitment" in a paper of daily distribution in the metropolitan or non-metropolitan county where the PHA is located listing potential training, employment, and contracting opportunities for low and very low-income persons. The Notice of Commitment must also be posted on the public bulletin board of the PHA and at each construction job site.

ECONOMIC OPPORTUNITIES FOR LOW AND VERY LOW-INCOME PERSONS

For public housing financial assistance, the Section 3 statute requires PHAs to prioritize their efforts to direct employment and economic opportunities, training, and contracting efforts to specific groups of low and very low-income individuals.

All employees of the PHA will complete an Employee Certification Form to be used by the PHA to determine its current Section 3 and Targeted Section 3 workers.

All applicants for employment with the PHA must complete an Applicant Certification form.

A. Section 3 Worker

1. Any worker who currently fits or when hired within the past five (5) years fits at least one of the following categories, as documented:
 - a. The worker's income for the previous or annualized calendar year is below the income limit established by HUD.
 - b. The work is employed by a Section 3 business concern.
 - c. The worker is a YouthBuild participant.
2. The status of a Section 3 worker will not be negatively affected by a prior arrest or conviction.
3. Section 3 workers are not exempt from meeting the qualifications of the position to be filled.

B. Targeted Section 3 Workers

A Targeted Section 3 worker for public housing financial assistance is a Section 3 worker who is:

1. Employed by a Section 3 business concern, or
2. Currently fits or when hired will fit at least one (1) of the following categories, as documented within the past five (5) years:
 - a. A resident of public housing or Section 8-based assisted housing,
 - b. A resident of other public housing projects or Section 8-assisted housing managed by the PHA that is providing the assistance, or
 - c. A YouthBuild participant.

C. Safe Harbor

The primary objective is to reflect and monitor the PHA's ability to direct job opportunities that are generated by HUD financial assistance to Section 3 and Targeted Section 3 workers.

The PHA will certify compliance with the statutory priorities and meet or exceed the outcome benchmarks annually within 60 days of its fiscal year end.

1. Establishment of Benchmarks

HUD will establish Section 3 benchmarks for Section 3 workers or Targeted Section 3 workers or both through a document published in the Federal Register. The PHA will make every reasonable effort to comply with HUD established benchmarks as they may increase or decrease over time.

2. As allowed by HUD, the PHA will exclude professional services, which would be defined as non-construction services that require an advanced degree or professional licensing, from the total number of labor hours as such hours are excluded from the total number of labor hours to be reported. Professional services to be excluded includes but are not limited to.
 - a. Contracts for legal services
 - b. Financial consulting
 - c. Accounting services
 - d. Environmental assessment
 - e. Architectural services
 - f. Civil engineering services
3. Section 3 benchmarks consist of the following 2 ratios:
 - a. Section 3 Workers:

Twenty-five percent (25%) or more of the total number of labor hours worked by Section 3 workers divided by the total number of labor hours worked by all workers funded by public housing financial assistance in the PHA's fiscal year.

Example

Assume the PHA employs 20 full-time staff including all senior/executive/salaried staff

$20 \times 2,080$ (40h/p/w x 52 weeks) =
41,600 hours worked annually

25% of the total work hours would be worked by Section 3 workers

$41,600 \times 25\% = 10,400$

Divide 10,400 hours by 2,080
 $10,400 \div 2,080 = 5$

The PHA must have 5 Section 3 workers

b. Targeted Section 3 Workers:

Five percent (5%) or more of the total number of labor hours worked by Targeted Section 3 workers divided by the total number of labor hours worked by all workers funded by public housing financial assistance in the PHA's fiscal year.

Example

Assume the PHA employs 20 full-time staff including all senior/executive/salaried staff
 $20 \times 2,080$ (40 h/p/w x 52 weeks) = 41,600 hours worked annually

5% of the total work hours to be worked by Targeted Section 3 workers
 $41,600 \times 5\% = 2,080$

Divide 2,080 hours by 2,080
 $2,080 \div 2,080 = 1$.
The PHA must have 1 Targeted Section 3 workers

REPORTING REQUIREMENTS

The PHA will implement its Section 3 activities and comply with the reporting requirements of this Plan starting with the PHA's first full fiscal year that begins after July 1, 2021. The PHA will track and report labor hours to measure total actual employment and the proportion of the total employment performed by low and very low-income workers.

A. Reporting of Labor Hours

Labor hours means the number of paid hours worked by person on a Section 3 project or by persons employed with funds that include public housing financial assistance.

1. The PHA will track and report:
 - a. The total number of labor hours worked by all workers,
 - b. The total number of labor hours worked by Section 3 worker; and
 - c. The total number of labor hours worked by Targeted Section 3 workers.
2. The labor hours for Section 3 workers and Targeted Section 3 workers will be counted for five (5) years from when their status as a Section 3 worker or Targeted Section 3 worker was established.

The PHA will define workers as Section 3 workers for a five-year period at the time, or when the workers are first certified as meeting the Section 3 worker definition.

3. The labor hours reported will include the total number of labor hours worked and paid with public housing financial assistance in the fiscal year of the PHA, including labor hours worked by any contractors and subcontractors that the PHA is required or elects to report.
4. The PHA reporting, as well as contractors and subcontractors who report to the PHA, will report labor all hours by Section 3 workers and Targeted Section 3 workers from professional services without including labor hours from professional services in the total number of labor hours worked.
5. During the first fiscal year that begins after July 1, 2021, the PHA may report on the labor hours of a contractor or a subcontractor based on the employer's good faith assessment of the labor hours of a full-time or part-time employee informed by the employer's existing salary or time and attendance-based payroll systems, unless the project or activity is otherwise subject to requirements specifying time and attendance reporting. This grace period is to allow contractors who do not utilize a time system to implement one. After that time, the PHA, its contractors and subcontractors must report on actual labor hours worked.

B. Qualitative Reporting

If the PHA reporting indicates that the PHA has not met the Section 3 benchmarks, the PHA will report in a form prescribed by HUD on the qualitative nature of its Section 3 compliance activities and those of its contractors and subcontractors.

Qualitative efforts may include but are not limited to the following:

1. Engaging in outreach efforts to generate job applicants who are Targeted Section 3 workers.
2. Providing direct on-the-job training or apprenticeship opportunities.

3. Providing technical assistance to help Section 3 workers compete for jobs (*e.g.*, resume assistance, coaching).
4. Providing or connecting Section 3 workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.
5. Holding one or more job fairs.
6. Providing or referring Section 3 workers to services supporting work readiness and retention (*e.g.*, work readiness activities, interview clothing, test fees, transportation, childcare).
7. Providing indirect training such as arranging for, contracting for, or paying tuition for, off-site training technical assistance to help Section 3 workers.
8. Providing assistance with applying for/or attending community college, a four-year educational institution, or vocational/technical training.
9. Assisting Section 3 workers to obtain financial literacy training and/or coaching.
10. Engaging in outreach efforts to identify and secure bids from Section 3 business concerns.
11. Providing technical assistance to help Section 3 business concerns understand and bid on contracts.
12. Dividing contracts into smaller jobs to facilitate participation by Section 3 business concerns.
13. Providing bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.
14. Promoting use of business registries designed to create opportunities for disadvantaged and small businesses.
15. Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.

C. RAD Conversions

HUD has defined Targeted Section 3 workers to include residents of public housing and Section 8 housing, which means that the PHA must report on hiring of these types of HUD-assisted tenants, which includes tenants of RAD-converted Section 8 properties.

D. Reporting Frequency

Unless otherwise provided, the PHA will report annually to HUD the labor hours, and where required, qualitative reporting, in a manner consistent with Section 3 reporting requirements.

1. Reporting is on an annual basis for ongoing endeavors such as PHA operations or multi-year infrastructure or disaster recovery efforts.
2. Discrete projects such as development of a singular multifamily apartment building, the reporting is on a project basis, and reported to HUD in the PHA's annual report corresponding to the year of the project's completion.

E. Separate Reporting by Funding Source

1. The PHA will be required to report by each separate funding source.
2. The Final Rule provided separate definitions for the types of funding and separate subparts relating to:
 - a. Public housing financial assistance, which covers:
 - 1) development assistance provided pursuant to Section 5 of the United States Housing Act of 1937 (the 1937 Act),
 - 2) operations and management assistance provided pursuant to Section 9(e) of the 1937 Act (Operating Fund), and
 - 3) development, modernization, and management assistance provided pursuant to Section 9(d) of the 1937 Act (Capital Fund).
 - b. Section 3 projects, which means housing rehabilitation, housing construction and other public construction projects assisted with HUD housing and community development assistance when the amount of the assistance to the project exceeds \$200,000, or \$100,000 where the assistance is from HUD's Lead Hazard Control and Healthy Homes programs.
3. Small PHAs with less than 250 public housing units will report qualitative efforts to meet Section 3 benchmarks.

CONTRACT PROVISIONS

1. Required language
 - a. The PHA will include language in any agreement or contract to apply Section 3 to contractors.
 - b. The PHA will also require contractors to include language in any contract or agreement to apply Section 3 to subcontractors.
 - c. The PHA will also require all contractors and subcontractors to meet the requirements of employment, training, and contracting requirements, regardless of whether Section 3 language is included in contracts.
 - d. All unit and collective bargaining agreements must meet the requirements of employment, training, and contracting requirements.
 - e. The PHA will customize the contract language depending upon the contract. Such customization will include:
 - 1) The required percentage of hours to be worked by Section 3 and Targeted Section 3 workers;

- 2) Documentation and document retention requirements, reporting requirements; and
 - 3) Penalties for non-compliance with Section 3 requirements.
2. RAD Conversions
- a. Section 8 Project-Based Voucher (PBV) or Section 8 Project-Based Rental Assistance (PBRA) contracts are not covered by the statute.
 - b. HUD has administratively applied Section 3 during the RAD-related construction period even though not required by the RAD statute or the Section 3 statute. See RAD Notice Revision 4 and RAD program documents.

FUNDING SOURCES, RECORDKEEPING, AND COMPLIANCE

A. Multiple Funding Sources

If a housing rehabilitation, housing construction or other public construction project is subject to Section 3 public housing financial assistance or a Section 3 project, the PHA must follow the additional provisions for the public housing financial assistance. For such a project, the following applies:

1. The PHA receiving housing financial assistance will report on the housing rehabilitation, housing construction, or other public construction project as a whole and shall identify the multiple associated recipients.
2. The PHA will report the following information:
 - a. The total number of labor hours worked on the project;
 - b. The total number of labor hours worked by Section 3 workers on the project; and
 - c. The total number of labor hours worked by Targeted Section 3 workers on the project.

B. Recordkeeping

The PHA shall make available to HUD access to all records, reports, and other documents or items that are maintained to demonstrate compliance with the requirements of Section 3 or that are maintained in accordance with the regulations governing the public housing financial assistance provided or otherwise made available to the PHA, subrecipient, contractor, or subcontractor.

1. The PHA will maintain documentation, and ensure that a subrecipient, contractor, or subcontractor that employs the worker to maintain documentation, to ensure that workers meet the definition of a Section 3 worker or Targeted Section 3 worker, at the time of hire or the first reporting period, as follows:
 - a. For a worker to qualify as a Section 3 worker, one of the following must be maintained:

- 1) A worker's self-certification that their income is below the income limit from the prior calendar year;
 - 2) A worker's self-certification of participation in a means-tested program such as public housing or Section 8-assisted housing;
 - 3) Certification from the PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;
 - 4) An employer's certification that the worker's income from that employer is below the income limit when based on an employer's calculation of what the worker's wage rate would translate to if annualized on a full-time basis; or
 - 5) An employer's certification that the worker is employed by a Section 3 business concern.
- b. For a worker to qualify as a Targeted Section 3 worker, one of the following must be maintained:
- 1) A worker's self-certification of participation in public housing or Section 8-assisted housing programs;
 - 2) Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;
 - 3) An employer's certification that the worker is employed by a Section 3 business concern; or
 - 4) A worker's certification that the worker is a YouthBuild participant.
2. The PHA will maintain the documentation for the time period required for record retention in accordance with applicable program regulations or, in the absence of applicable program regulations, for at least three (3) years following audit of completed contracts in accordance with 2 CFR part 200.
3. The PHA will report on Section 3 workers and Targeted Section 3 workers for five (5) years from when their certification as a Section 3 worker or Targeted Section 3 worker is established.
4. The PHA will maintain details of all qualitative efforts to meet Section 3 benchmarks including, but not limited to:
- a. Memorandums of Agreement with reciprocating agencies;
 - b. Meeting agendas and sign in sheets for meetings with program participants and low and very low-income residents of the metropolitan or non-metropolitan area;
 - c. Meeting agendas and sign in sheets for meetings with Section 3 business concerns;
 - d. Copies of all contracting and employment announcements including dates of publication, display, or distribution;

- e. Minutes of pre-bid conferences where Section 3 requirements are discussed;
- f. Documentation of outreach efforts to identify Section 3 businesses;
- g. Section 3 employment questionnaires completed by applicants and program participants;
- h. Section 3 employment questionnaires completed by current PHA employees between November 30, 2020 and end of first fiscal year in which reporting is required under the Final Section 3 Rule; and
- i. Notices of training and employment readiness opportunities provided to low and very low-income residents, public housing residents, and Section 8 program participants.

C. Compliance

The PHA will maintain adequate records demonstrating compliance with the Section 3 requirements consistent with other recordkeeping requirement in 2 CFR part 200.

1. Complaints

Complaints alleging failure of compliance with Section 3 requirements may be reported to the HUD program office responsible for the public housing financial assistance or the Section 3 project, or to the local HUD field office.

2. Monitoring

- a. HUD will monitor the PHA's compliance with the requirements of Section 3.
- b. The applicable HUD program office will determine appropriate methods by which to oversee Section 3 compliance.
- c. HUD may impose appropriate remedies and sanctions in accordance with the laws and regulations for the program under which the violation was found.

DEFINITIONS

Business Concern

Means a business concern that meets at least one of the following criteria, documented within the last six-month period:

- It is at least 51% owned by low or very low-income persons
- Over 75% of the labor hours performed for the business are performed by low or very low-income persons
- It is a business at least 25% owned by current public housing resident or residents who currently live in Section 8-assisted housing

Contractor

Any entity entering into a contract with:

- A recipient to perform work in connection with the expenditure of public housing financial assistance or for work in connection with a Section 3 project; or
- A subrecipient for work in connection with a Section 3 project.

Labor Hours

The number of paid hours worked by persons on Section 3 projects or by persons employed with funds that include public housing financial assistance.

Low-Income Person

An individual whose annual income does not exceed 80% of the median income for the area as determined by HUD.

Material Supply Contracts

Contracts for the purchase of products and material, including, but not limited to, lumber, drywall, wiring, concrete, pipes, toilets, sinks, carpets, and office supplies.

Professional Services

Non-construction services that require an advanced degree or professional licensing, including, but not limited to, contracts for legal services, financial consulting, accounting services, environmental assessment, architectural services, and civil engineering services.

Public Housing Financial Assistance

- Development assistance provided pursuant to Section 5 of the U.S. Housing Act of 1937;
- Operations and management assistance provided pursuant Section 9(e) of the U.S. Housing Act of 1937 (Operating Fund);
- Development, modernization, and management assistance provided pursuant Section 9(d) of the U.S. Housing Act of 1937 (Capital Fund); and

- The entirety of mixed-finance development project regardless of whether the project is fully or partially assisted with public housing financial assistance.

Public Housing Project

Low-income housing, and all necessary appurtenances thereto, assisted under the 1937 Act, other than assistance under 42 U.S.C. 1437f of the 1937 Act (Section 8). The term “public housing” includes dwelling units in a mixed-finance project that are assisted by a public housing agency with public housing capital assistance or Operating Fund assistance. When used in reference to public housing, the term “project” means housing developed, acquired, or assisted by a PHA under the 1937 Act, and the improvement of any such housing.

Recipient

Any entity that receives directly from HUD public housing financial assistance or housing and community development assistance that funds Section 3 projects, including, but not limited to, any State, local government, instrumentality, PHA, or other public agency, public or private nonprofit organization.

Section 3 means Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u).

Section 3

The purpose of Section 3 is to ensure that, to the greatest extent feasible, employment, training, and business opportunities created by HUD financial assistance be directed to low and very low-income persons.

Section 3 Business Concern

A business concern meeting at least one of the following criteria, documented within the last six-month period:

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

The status of a Section 3 business concern shall not be negatively affected by a prior arrest or conviction of its owner(s) or employees.

Nothing in this part shall be construed to require the contracting or subcontracting of a Section 3 business concern. Section 3 business concerns are not exempt from meeting the specifications of the contract and demonstrating their ability to meet contract requirements.

Section 3 business concerns will be given the opportunity to complete a “Section 3 Business Concern Certification” form that will be made available to potential bidders and proposers and utilized by the PHA.

Section 3 Projects

- Housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000.
- The threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, the Lead-Based Paint Poisoning Prevention Act, and the Residential Lead-Based Paint Hazard Reduction Act of 1992.
- The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.

Section 3 Worker

Any worker who currently fits or when hired within the past five (5) years fit at least one of the following categories, as documented:

- The worker's income for the previous or annualized calendar year is below the income limit established by HUD.
- The worker is employed by a Section 3 business concern.
- The worker is a YouthBuild participant.

Section 8-Assisted Housing

Refers to housing receiving project-based rental assistance or tenant-based assistance under Section 8 of the 1937 Act.

Service Area or the Neighborhood of the Project

An area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.

Small PHA

A public housing authority that manages or operates fewer than 250 public housing units.

Subcontractor

Any entity that has a contract with a contractor to undertake a portion of the contractor's obligation to perform work in connection with the expenditure of public housing financial assistance or for a Section 3 project.

Subrecipient

An entity, usually, but not limited to, non-Federal entities, that receives a subaward from a pass-through entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Targeted Section 3 Worker

A Targeted Section 3 worker for public housing financial assistance means a Section 3 worker who is:

- A worker employed by a Section 3 business concern; or
- A worker who currently fits or when hired fit at least one of the following categories, as documented within the past five (5) years:
 - A resident of public housing or Section 8-assisted housing;
 - A resident of other public housing projects or Section 8-assisted housing managed by the PHA that is providing the assistance; or
 - A YouthBuild participant.

Very Low-Income Person

An individual whose annual income does not exceed 50% of the median income for the area as determined by HUD.

Youthbuild Programs

Refers to YouthBuild programs receiving assistance under the Workforce Innovation and Opportunity Act (29 U.S.C. 3226).