PORTLAND HOUSING BUREAU
HUD SECTION 3 PROJECT REQUIREMENTS
(Updated: April 28, 2026)

I. DEFINITIONS

The "Contract" means the contract awarded as a result of these bid specifications.

The "Contractor" means the Contractor to whom a Contract is awarded.

"Section 3 Worker" means a worker who currently fits or when hired within the last 5 years fit at least one of the following categories and resides in either Clark, Columbia, Multnomah, Clackamas, Washington, Skamania or Yamhill County: (1) met HUD's income limits in the previous calendar year, (2) is employed by a Section 3 Business Concern, or (3) is a YouthBuild participant.

"Section 3 Business Concern" means a business meeting at least one of the following criteria, documented within the past year: (1) at least 51% owned and controlled by low-income persons; (2) over 75% of the labor hours over the previous 3-month period are performed by Section 3 workers; or (3) at least 51% owned and controlled by current residents of public housing or Section 8 assisted housing.

"Service Area" means 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. Also known as the "neighborhood of the project".

"Targeted Section 3 Worker" means a Section 3 Worker who is employed by a Section 3 Business Concern **or** currently fits; or when hired within the last 5 years fit at least one of the following categories: (1) lives within the service area or neighborhood of the project or (2) a YouthBuild participant.

"Utilization Plan (UP)" means required document that lists all subcontractors and material suppliers that have been engaged to perform work on the project, completed by the General Contractor and due prior to the Notice to Proceed.

II. POLICY

This policy has been developed to implement the provisions of Section 3 of the Housing and Urban Development Act of 1968, as amended to date. The Portland Housing Bureau (PHB) administers funding from the U.S. Department of Housing and Urban Development (HUD), which PHB uses to make loans to affordable housing developers. Certain HUD funding sources trigger Section 3 requirements on projects where the amount of PHB federal housing assistance exceeds $300,000. Section 3 requires that when employment or contracting opportunities are generated by HUD

funded projects, preference is given to low and very low-income persons and businesses residing in the community where the project is located (i.e., to "Section 3 Workers," "Targeted Section 3 Workers," and "Section 3 Business Concerns"). The Borrower/Developer and the Contractor and subcontractors are responsible for ensuring compliance with Section 3.

III. SECTION 3 GOALS AND PRIORITIES

For housing and community development financial assistance projects, contractors will need to prioritize efforts to hire and train Section 3 Workers, Targeted Section 3 Workers and contract with Section 3 Business Concerns.

1. Twenty-five percent (25%) or more of the total labor hours for *all workers* are to be worked by Section 3 Workers and five percent (5%) or more of the total labor hours for *all workers* are to be worked by Targeted Section 3 Workers.

Any business or worker employed on the project may submit a current Section 3 Business or Worker Eligibility Form to the City, prior to starting work on the project, if not previously submitted during the last year or approval is current. Eligible business concerns and eligible employee Section 3 status will be recorded in the system.

A directory of Section 3 Business Concerns can be found on the City's Contract Compliance Reporting system website at: https://portlandoregon.diversitycompliance.com.

IV. EFFORTS TO ATTAIN GOALS

It is the responsibility of the Developer/Contractor to ensure that the above goals are met. If the goals are not met, the contractor must demonstrate why meeting the goal was not feasible. Contractors and subcontractors may be asked to demonstrate efforts to attain goals that include, but are not limited to the following:

1. Engaging in outreach efforts to identify and secure bids from Section 3 Business Concerns, which includes providing written notice of opportunities and contacting businesses that may qualify as Section 3 Business Concerns.

2. Providing technical assistance to help Section 3 Business Concerns understand and bid on contracts.

3. Dividing contracts into smaller jobs to facilitate participation by Section 3 Business Concerns. *May not intentionally divide contracts to avoid other program thresholds.*

4. Make all necessary and reasonable efforts to hire Section 3 Workers and Targeted Section 3 Workers and document efforts of available employment opportunities at the project site.

5. Providing appropriate signage at the project site and throughout the project area to inform eligible Section 3 Workers of employment opportunities.

6. Providing training or apprenticeship opportunities.

7. Sponsoring job informational meetings in the Section 3 Service area and conducting job interviews.

8. Entering "first source" hiring agreements/memorandums of understanding with organizations representing Section 3 Workers or Targeted Section 3 Workers.

9. Contacting Portland YouthBuilders and requesting their assistance in recruiting and hiring Portland YouthBuilders participants for employment positions.

10. Engaging in outreach efforts to generate job applicants who are Targeted Section 3 Workers.

IV. REPORTING REQUIREMENTS

This project is subject to compliance reporting requirements. The Contractor and all subcontractors are required to provide all contract compliance-related data electronically in the City of Portland - Contract Compliance Reporting System (CCRS) and workforce utilization in the City's labor compliance reporting system, eComply. The Contractor and all subcontractors are responsible for responding to any instructions or requests for information and should regularly check the CCRS and labor compliance reporting system to manage information and records. The Contractor is responsible for ensuring all subcontractors have completed all requested items and that their contact information is accurate and up to date. The City may require additional information be provided electronically through the systems at any time before, during, or after contract award. Information related to contractor access to the systems will be provided to a designated point of contact upon award of the contract.

Submission of Required Documentation for Section 3 Covered Projects:

1. The Contractor must submit a completed Utilization Plan (UP) in the CCRS. On-screen instructions in the CCRS will provide guidance. The UP must list ALL Subcontractors and material suppliers to be used on the project, their corresponding type of work, their subcontract amount, and Section 3 Business status, if applicable, regardless of the dollar amount.

2. The Contractor must submit, along with its Utilization Plan, a Section 3 Plan to indicate their intended overall project goals and plan to achieve those goals.

3. The contractor shall submit subcontractor payments via the CCRS by the 15th of each month once work has commenced and shall ensure that subcontractors and material suppliers are confirming payments reported to them in the system. If a subcontractor fails to confirm payment by the end of the month, the City will assume the subcontractor has been paid, as reported, and will confirm payment on the subcontractor's behalf. Subcontractor firms are also responsible for reporting participation of lower tier subcontractors.

4. Contractor shall report any changes to subcontract values during the reporting period to the Contract Compliance Specialist no later than the 15th of each month.

5. All contractors working on the project must submit weekly payroll reports via the labor compliance reporting system by the 5th of each month.

6. Eligible Section 3 Business Concerns must have a current Section 3 Business Eligibility Form on file with the City and recorded in the CCRS to count towards the project's Section 3 goals.

7. Eligible workers employed on the project must have a current Section 3 Worker Eligibility Form on file with the City and recorded in the City's labor compliance reporting system, eComply, to count towards the project's Section 3 goals.

8. All contractors are required to use the Worker Request Form when hiring, requesting, or replacing workers.

Questions Regarding Section 3, contact:

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