

Memorandum

CDBG Policy Guidance

Date: March 30, 2022

Policy 22-01

SC Department of Commerce, Grants Administration, 1201 Main Street, Suite 1600, Columbia, SC 29201
www.sccommerce.com

Subject: Updated Section 3 Requirements – Final Rule 24 CFR 75
Attachment: Section 3 Forms, Notices, FAQ's
Resources: Implementation Manual, Chapter 8, Procurement; Chapter 12, Fair Housing and Equal Opportunity

Section 3 of the Housing and Urban Development 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 receive government assistance for housing. In accordance with statutory authority, HUD is charged with the responsibility to implement and enforce Section 3. HUD's regulations implementing the requirements of Section 3 had not been updated since 1994 and were not as effective as HUD believed they could be. Section 3 Final Rule 24 CFR 75 issued 11/1/2020 updates HUD's Section 3 regulations to create more effective incentives for employers to retain and invest in their low and very low-income workers, streamline reporting requirements by aligning them with typical business practices, provide for program-specific oversight, and clarify the obligations of entities that are covered by Section 3. These changes will increase Section 3's impact for low and very low-income persons, increase compliance with Section 3 requirements, and reduce regulatory burden.

HUD programs that provide housing and community development assistance must implement their Section 3 activities pursuant to these regulations and comply with the reporting requirements starting with the recipient's first full fiscal year after July 1, 2021. *These regulations are applicable to Section 3 projects for which assistance or funds are committed on or after July 1, 2021.*

The Implementation Manual contains additional information and resources to help comply with these requirements. At the recent 2021 Implementation Workshop, Section 3 requirements were reviewed; however, forms, notices, action plan, bidding and contract documents, and "Frequently Asked Questions" handouts were not readily available. All necessary forms, and bidding contract documents are now available at: <https://www.cdbgsc.com/forms/section-3/>.

To learn more about Section 3 Final Rule 24 CFR 75, please click on the following link:
<https://www.govinfo.gov/content/pkg/FR-2020-09-29/pdf/2020-19185.pdf>.

Thank you for your immediate attention to this matter. If you have any questions, please feel free to contact me at 803-734-0709.

This policy memorandum updates South Carolina CDBG Program policies and/or documents, including the CDBG Implementation Manual and/or Application Guidelines posted on the www.cdbgSC.com website.