

Dear NAHMA members,

This month, HUD published a **proposed rule to update its Section 3 regulations**. Separately, HUD also published for comment **proposed benchmarks for measuring Section 3 compliance** with the final rule.

The purpose of Section 3 is to ensure that economic opportunities, most importantly employment, generated by certain HUD financial assistance shall be directed to low- and very low-income people, particularly those who are recipients of government assistance for housing or residents of the community in which the Federal assistance is spent. According to the proposed rule, “The Section 8 programs were never included in the Section 3 statute and will not be covered in this proposed rule despite being included in the current Section 3 rule.”

According to HUD’s [press release](#), the changes in the proposed rule seek to improve effectiveness of Section 3 by:

- Focusing on key outcome metrics, such as the sustained employment of targeted populations;
- Crediting retention of low-income employees and successful sustained employment in the reporting metrics;
- Aligning Section 3 reporting with standard business practices and payroll tracking;
- Allowing for tailored outcome benchmarks for different geographies and/or different activities;
- Reducing reporting requirements for grantees who are meeting outcome benchmarks; and
- Integrating Section 3 into the program offices who are in regular contact with the grantees.

To read the attached proposed rule on “Enhancing and Streamlining the Implementation of Section 3 Requirements for Creating Economic Opportunities for Low- and Very Low-Income Persons and Eligible Businesses,” please click [here](#). To read the attached notification of proposed benchmarks for measuring Section 3 compliance, please click [here](#). To read a summary generated from the Federal Register notice of the more significant provisions of the proposed rule, as well as HUD’s specific questions for comment, please click [here](#).

**Comments on the proposed changes to Section 3 and the notification of proposed benchmarks are due to NAHMA by Friday, May 24, 2019.**

Thanks,  
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*NAHMA is the leading voice for affordable housing management, advocating on behalf of multifamily property managers and owners whose mission is to provide quality affordable housing.*