



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 75

[Docket No. FR-6622-N-01]

Section 3 Benchmarks for Creating Economic Opportunities for Low- and Very Low-Income Persons and Eligible Businesses

AGENCY: Office of the Assistant Deputy Secretary for Field Policy and Management, Department of the Housing and Urban Development (HUD).

ACTION: Notification of benchmark updates and request for comments.

SUMMARY: HUD's regulations require that HUD set Section 3 benchmarks by publishing a notification, subject to public comment, in the *Federal Register* and update the benchmarks no less frequently than once every three years by the same method of notification. This document serves as an update of the 2023 benchmark Notice and requests public comment about the Section 3 benchmark goals.

DATES: Effective [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. The public comment period for the Notice published in the *Federal Register* is [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Jasmy Methipara, Management Analyst, Office of Field Policy and Management, Department of Housing and Urban Development, 2415 Eisenhower Avenue, Alexandria, VA 22314-4684; telephone 202-402-2188 (this is not a toll-free number). General email inquiries regarding Section 3 may be sent to:

OfficeofFieldPolicyandManagement@hud.gov. HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit www.fcc.gov/consumers/guides/telecommunications-relay-service-trs.

SUPPLEMENTARY INFORMATION:

I. Background

Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1992 (Section 3), attempts to direct employment and other economic opportunities generated by Federal financial assistance for housing and community development programs, to the greatest extent feasible, toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. HUD is statutorily required to implement and enforce Section 3 through regulation, which HUD has done through the Section 3 regulations at 24 CFR part 75.

The Section 3 regulations require HUD to establish Section 3 benchmarks for Section 3 workers and Targeted Section 3 workers through a document published in the *Federal Register*. 24 CFR 75.13(b) and 75.23(b). The regulations require HUD to update the benchmarks through a document published in the *Federal Register*, subject to public comment, not less frequently than once every three years. The first publication related to updating these Section 3 benchmarks, titled *Section 3 Benchmarks for Creating Economic Opportunities for Low- and Very Low-Income Persons and Eligible Businesses*, was published in the *Federal Register* at 85 FR 60907 (Sept. 29, 2020). The second publication related to these Section 3 benchmarks was published in the *Federal Register* at 88 FR 69219. The regulations require HUD to update the benchmarks through a document published in the *Federal Register*, subject to public comment, not less frequently than once every three years.

II. Benchmark Notice

The regulation indicates that alteration of and updates to the established benchmark goals should be made in consideration of Section 3 labor hour data collected during the prior three-year period. After evaluation and consideration of the data collected to date, HUD has determined that the available data is not a sufficiently representative sample to support the alteration of the current published benchmark goals. Therefore, the benchmark goals will

continue to be the ratios established in the original Section 3 benchmark Notice, and HUD will continue to support the labor hour goal methodology contained therein.

HUD considered a number of factors in making this decision. Most important of these is the fact that the relevant data is not yet available. Despite being published on September 29, 2020, the rule did not go into effect until November 30, 2020, and compliance only began to be required for Section 3 projects funded on or after July 1, 2021. The count of labor hours and evaluation of achievement of benchmark goals are not determined until a project is completed. Given the varying duration of construction projects, a number of larger Section 3 projects—those with higher numbers of labor hours—funded after July 1, 2021, have not yet completed construction and therefore have not reported final labor hours for Section 3 workers or Targeted Section 3 workers. Additionally, the Section 3 Reporting Application for Public Housing Financial Assistance was launched on January 21, 2026 for recipients with fiscal year end dates of September 30, 2025, and December 31, 2025. The reporting window for the last cohort of public housing authorities closes July 30, 2026. This means that Public Housing Financial Assistance recipients will have only reported their first year of data under the Section 3 regulations by July 30, 2026 as they were not required to report labor hours under 24 CFR part 75 until a reporting system was in place, which does not give HUD a full three years of data to review. factors, among others, have contributed to initial reports containing limited data on a small subset of projects, which HUD believes does not create a large or representative enough sample of data to merit a change to the existing benchmarks.

While HUD has decided not to change the benchmark goals for Public Housing Financial Assistance and Section 3 Projects, the department would like to solicit comments on the overall experience of grantees, contractors, and other stakeholders in achieving the existing benchmark goals along with any challenges faced or recommendations for appropriate benchmarks for future updates.

HUD will publish another update Notice no later than three years after the publication of this Notice, as required by the Section 3 regulations. Also, the department will not be issuing a second Notice subject to public comment unless comments are received that provide basis for additional revision of this Notice.

Joseph DeFelice,
Assistant Deputy Secretary for Field Policy and Management

[FR Doc. 2026-20374 Filed: 10/2/2026 8:45 am; Publication Date: 10/5/2026]