



ASSISTANT SECRETARY FOR
PUBLIC AND INDIAN HOUSING

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

October 23, 2020

Dear Tribal Leader:

On September 29, 2020, the U.S. Department of Housing and Urban Development (HUD) published a final rule entitled “Enhancing and Streamlining the Implementation of Section 3 Requirements for Creating Economic Opportunities for Low- and Very Low-Income Persons and Eligible Businesses” (Section 3 Final Rule) in the *Federal Register* (FR) at 85 FR 61524.

As you know, Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) requires that recipients of certain HUD funds make economic opportunities available for low- and very low-income individuals, especially recipients of government assistance for housing, living in the areas where HUD funds are spent.

The Section 3 Final Rule makes changes to the Section 3 regulations, now codified in 24 CFR Part 75 and effective on November 30, 2020, designed to focus on economic opportunity outcomes while simultaneously reducing regulatory burden. These changes improve the effectiveness of Section 3, streamline some processes that have not yielded significant benefits, and encourage HUD grantees to focus on sustained employment for low- and very low-income individuals.

The Section 3 Final Rule does impact our Native American programs in important ways that I wanted to share with you. The Final Rule provides that “Contracts, subcontracts, grants, or subgrants subject to Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5307(b)) or subject to tribal preference requirements as authorized under 101(k) of the Native American Housing Assistance and Self-Determination Act (25 U.S.C. 4111(k)) must provide preferences in employment, training, and business opportunities to Indians and Indian organizations, and are therefore not subject to the requirements of” 24 CFR Part 75.

Accordingly, beginning on November 30, 2020, the effective date of the Section 3 Final Rule, Tribes and Tribally Designated Housing Entities (TDHEs) will no longer be required to comply with Section 3 requirements. Additionally, the Final Rule makes conforming technical changes to the Indian Housing Block Grant (IHBG) regulations at 24 CFR 1000.42 clarifying that IHBG recipients are no longer subject to Section 3 requirements.

HUD has made technical corrections to the Fiscal Year (FY) 2020 IHBG Competitive Notice of Funding Availability (NOFA) to remove any Section 3 related requirements from the application process. HUD is also working on revising relevant guidance to reflect these changes to the Section 3 regulations. In the meantime, Tribes and TDHEs should plan on complying with all Section 3 requirements, including any reporting requirements until November 30, 2020.

For further information, you can find the Final Rule [here](#).

Thank you for your continued partnership and support for housing in Indian Country.

Sincerely,

A handwritten signature in black ink, appearing to be "R. Hunter Kurtz", written over a horizontal line.

R. Hunter Kurtz,
Assistant Secretary