



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-1000

OFFICE OF PUBLIC AND INDIAN HOUSING
OFFICE OF FIELD POLICY AND MANAGEMENT

Special Attention of:

Public Housing Agencies
Public Housing Directors
Regional Public Housing Directors
Resident Management Corporations

Notice PIH 2025-29 / FPM-01-2025

Issued: November 18, 2025

Expires: This notice remains in effect until amended, superseded, or rescinded.

Cross References: 24 CFR Part 75,
Notice PIH 2022-10, Notice PIH 2022-38/
FPM-19-2022

SUBJECT: Reporting Supplement to the Implementation of the Final Rule on Section 3 Regulations - 24 CFR Part 75

I. PURPOSE

This notice provides supplementary guidance to and updates for [Notice PIH 2022-10](#) and [Notice PIH 2022-38/FPM-19-2022](#) without rescinding either notice. This publication serves as the notice referenced in Part IV of Notice PIH 2022-38/FPM-19-2022 and updates the submission process and method for Section 3 reports required pursuant to [Subpart B of 24 CFR Part 75](#) for recipients of public housing financial assistance.¹

II. BACKGROUND

Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1992 (the Act), requires PHAs, and their contractors and subcontractors, to make their best efforts, consistent with existing Federal, State, and local laws and regulations, to give to low- and very low-income persons training, employment, and economic opportunities generated by development assistance provided pursuant to 42 U.S.C. 1437c and Operating Fund and Capital Fund assistance provided pursuant to 42 U.S.C. 1437g. HUD must implement and enforce Section 3 in accordance with the Act. The final rule, [24 CFR Part 75](#), effective on November 30, 2020, updated HUD's Section 3 regulations by reducing regulatory burden and by incentivizing employers to retain and invest in low- and very low-income workers.

HUD published a companion benchmark notice, [85 FR 60907](#), on September 29, 2020, to establish numeric goals for compliance with Section 3 requirements. HUD published another benchmark notice, [88 FR 69219](#),² on October 5, 2023, to carry the established benchmarks forward another three years due to a lack of completed project data that would support a change.

¹ See [24 CFR § 75.3\(a\)\(1\)](#)

² A date correction to the benchmark notice was published at [88 FR 81425](#).

HUD may adjust funding thresholds or establish new benchmarks (either a single nationwide benchmark or multiple benchmarks based on geography, type of assistance, or other variables) periodically as new information becomes available, pursuant to the regulation at [24 CFR Sections 75.23\(b\)\(1\) and \(b\)\(2\)](#). If a recipient of HUD funding complies with the regulatory priorities regarding effort and meets the established outcome benchmarks, HUD will presume the recipient is following Section 3 requirements, absent evidence to the contrary.

III. APPLICABILITY

The Section 3 final rule and this notice apply in whole, or in part, to PIH programs, including the Public Housing Operating and Capital Fund programs, and to development work under [24 CFR 905 Subpart F](#). Pre-development work conducted prior to a Rental Assistance Demonstration (RAD) conversion using pre-conversion public housing financial assistance is also subject to Section 3 requirements.

The updates to reporting submission requirements communicated through this notice do not apply to housing and community development financial assistance funded programs and projects subject to the Section 3 requirements established in [Subpart C of 24 CFR Part 75](#). These programs include but are not limited to RAD (post-conversion), Choice Neighborhoods, Community Development Block Grant, Housing Opportunities for Persons with AIDS, HOME Investment Partnerships, Housing Trust Fund, Section 202 Direct Loans for the Elderly, and Section 811 Supportive Housing for Persons with Disabilities. All Section 3 statutory, regulatory, and contractual requirements still apply to these programs.

IV. REPORTING

Under 24 CFR Part 75, funding recipients track total labor hours, Section 3 Worker labor hours, and Targeted Section 3 Worker labor hours worked each fiscal year. HUD's final rule provided an initial compliance date of July 1, 2021, with public housing financial assistance recipients required to comply with reporting requirements starting with the recipient's first full fiscal year (FY) after July 1, 2021. However, Notice PIH 2022-38/FPM-19-2022 delayed the Section 3 reporting and submission requirements for public housing financial assistance recipients.

Per Notice PIH 2022-10, Section 3 Performance Evaluation and Registration System (SPEARS) is no longer used for Section 3 compliance reporting. Instead, PHAs will now report in the successor Section 3 Reporting system (S3R) that is scheduled for deployment in September 2025. Instructions for how to access and use S3R will be distributed to PHAs prior to their first reporting period.

PHAs will be required to submit Section 3 reports into S3R starting January 1, 2026. These reports should include Section 3 labor hours worked (as applicable) and compliance efforts undertaken during the recipient's prior fiscal year and will be submitted in S3R annually within 60 days of fiscal year end date. The first PHA cohort with fiscal year ending September 30, 2025 will be granted an extension with a S3R reporting adjusted deadline of March 1, 2026. For the first cycle, HUD will institute a phased implementation for the submission of required reporting, as shown in the table below:

Timeframe for Section 3 activities included in the 1st S3R submission	1st Reporting Period Start (1st FY begin on or after 10/1/25)	1st Reports Due (60 days after 1st Reporting Period Start)
*10/1/24 - 9/30/25	10/1/25 1/1/26	11/29/25 3/1/26
1/1/25 - 12/31/25	1/1/26	3/1/26
4/1/25 - 3/31/26	4/1/26	5/30/26
7/1/25 - 6/30/26	7/1/26	8/29/26

*adjusted for 2025

For example, a PHA with a fiscal year that begins on October 1 will be required to submit their first report of Section 3 activities by November 29. That initial report should cover all Section 3 labor hours worked and compliance efforts taken from October 1 through September 30 of the fiscal year immediately preceding the report. The PHA would then continue to follow that schedule each year and submit reports annually.

Pursuant to 24 CFR § 75.15(d) and as noted in Section VI of Notice PIH 2022-10, PHAs with fewer than 250 public housing units (i.e., small PHAs) have the option to: 1) only report on Section 3 qualitative efforts, foregoing the requirement to track labor hours for Section 3 Workers and Targeted Section 3 Workers, or 2) report labor hours normally like larger PHAs but then still be required to report qualitative efforts if benchmarks are not met for labor hours reporting. Regardless of which option is selected, small PHAs are still required to submit reports in the timeframe listed in the table above.

PHAs (including Moving to Work (MTW) agencies) and other public housing financial assistance recipients must submit Section 3 data, including total labor hours, Section 3 Worker labor hours, Targeted Section 3 labor hours, and qualitative efforts of the agency's Section 3 efforts (when applicable) in accordance with the schedule identified in the table above. Submission of the requisite data will continue according to the above schedule until HUD provides superseding guidance.

Additionally, all public housing financial assistance recipients (i.e., MTW and non-MTW agencies) are only required to submit one aggregate report for all labor hours funded with public housing financial assistance and worked within the applicable fiscal year. There is no requirement to separate labor hours by funding source (e.g., Operating Fund or Capital Funds).

V. RECORDKEEPING

PHAs must continue to follow recordkeeping requirements in accordance with the Section 3 final rule at [24 CFR Section 75.31](#). Recipients may use [Sample Section 3 Certification Forms](#) (HUD-4736, 4736A, 4736B, 4736C, and 4736D) and [Section 3 Utilization Tools](#) (HUD-4737, 4737A, 4737B, 4737C, and 4737D) to aid in compliance with these recordkeeping requirements. Use of these forms is voluntary as long as required records are kept.

Recipients should be able to produce Section 3 compliance records for HUD upon request. It is recommended that PHAs retain records digitally to expedite monitoring reviews. HUD may conduct periodic monitoring reviews of a recipient agency to determine compliance.

For more information about specific monitoring, compliance, and recordkeeping requirements for public housing financial assistance recipients, refer to Sections VIII-IX of Notice PIH 2022-10.

VI. PAPERWORK REDUCTION ACT

The information collection requirements contained in this notice are approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3501 et. Seq.). In accordance with the PRA, HUD may not conduct or sponsor, and a person is not required to respond to a collection of information unless the collection displays a currently valid OMB control number. The active information collections contained in this notice include OMB Control Numbers 2501-0040 for Forms HUD-4736, 4736A, 4736B, 4736C, and 4736D; 2501-0041 for Forms HUD-4737, 4737A, 4737B, 4737C, and 4737D; and 2501-0042 for Form HUD-60002A.

VII. SECTION 3 INFORMATION

- [Section 3 Final Rule](#)
- [Section 3 Benchmark Notice](#)
- [Section 3 FAQs](#)
- [Section 3 Resource Hub](#)
- [Income Limits](#)

Questions concerning this notice should be directed to [PIH-OFO PH@hud.gov](mailto:PIH-OFO_PH@hud.gov).



Benjamin Hobbs
Principal Deputy Assistant Secretary
Office of Public and Indian Housing



Christopher D. Taylor
National Director for
Field Policy and Management