

# DRGR Guidance on Reporting Section 3 Labor Hours

Disaster Recovery Grant Reporting (DRGR) System **Section 3 Reporting Fact Sheet**

<https://www.hudexchange.info/program-support/my-question/>

## Overview and Purpose

This fact sheet applies to grantee users of DRGR who are required to report compliance with Section 3 rules (24 CFR Part 75.) HUD has created new performance measures in DRGR to allow grantees to report Section 3 labor hour requirements. Grantees must now enter the “**# of Total Labor Hours**”, “**# of Section 3 Labor Hours**” and “**# of Targeted Section 3 Labor Hours**” for all applicable construction activities.

The addition of these performance measures provides identifiable metrics for grantees to report on compliance with Section 3 requirements and will enhance both HUD’s and grantees’ ability to demonstrate how employment and other economic opportunities are generated by HUD financial assistance. HUD staff will now be able to mine data reported in DRGR to analyze grantee progress towards meeting Section 3 requirements and to inform on-site and remote monitoring engagements. Further, these data fields will appear in grantees’ Performance Reports for public dissemination and will be used in HUD’s analysis endeavors.

## Applicability, Thresholds and Reporting Section 3 Labor Hours

Benchmarks for Section 3 projects cover housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance where the amount of assistance to the project (applicable DRGR activity) exceeds *a threshold of \$200,000*. This funding threshold is the minimum dollar amount that triggers Section 3 requirements.

DRGR Section 3 Reporting will focus on reporting labor hours. For housing and community development financial assistance projects, the benchmark for Section 3 workers is set at *25 percent* or more of the total number of labor hours worked by all workers on a Section 3 project.

**Section 3 labor hours** are defined as hours worked by all workers employed on a Section 3 project (DRGR activity.)

A **Section 3 worker** is any worker who currently fits, or when hired within the past five years fit, at least one of the following categories, as documented:

- (1) The worker’s income for the previous or annualized calendar year is at or below the income limit established by HUD;
- (2) The worker is employed by a Section 3 business concern;
- (3) The worker is a YouthBuild participant.

**A Targeted Section 3 worker:**

- (1) A worker employed by a Section 3 business concern; or
- (2) A worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years:
  - (i) Living within the service area or the neighborhood of the project, (service area or the neighborhood of the project means an area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census); or
  - (ii) A YouthBuild participant.

The benchmark for Targeted Section 3 workers is set at **5 percent** or more of the total number of labor hours worked by all workers employed with public housing financial assistance or other recipient's fiscal year. This means that the **5 percent** is included as part of the **25 percent** threshold.

$$\frac{\text{Section 3 labor hours}}{\text{Total labor hours}} = 25\% \quad \text{AND} \quad \frac{\text{Targeted Section 3 labor hours}}{\text{Total labor hours}} = 5\%$$

## Instructions

The “# of Total Labor Hours”, “# of Section 3 Labor Hours” and “# of Targeted Section 3 Labor Hours” fields will be a required performance measure for grantees funded under applicable appropriations, and will be reported, to the extent applicable, under the following DRGR activity types:

- *Acquisition, construction, reconstruction of public facilities*
- *Affordable Rental Housing*
- *Clearance and Demolition*
- *Construction of buildings for the general conduct of government*
- *Construction of new housing*
- *Construction of new replacement housing*
- *Construction/reconstruction of streets*
- *Construction/reconstruction of water lift stations*
- *Construction/reconstruction of water/sewer lines or systems*
- *Dike/dam/stream-river bank repairs*
- *MIT - Public Facilities and Improvements-Covered Projects Only*
- *MIT - Public Facilities and Improvements-Non-Covered Projects*
- *MIT - Rehabilitation/reconstruction of residential structures*
- *MIT - Residential New Construction*
- *Privately owned utilities*
- *Rehabilitation/reconstruction of a public improvement*
- *Rehabilitation/reconstruction of other non-residential structures*
- *Rehabilitation/reconstruction of public facilities*

- Rehabilitation/reconstruction of public housing
- Rehabilitation/reconstruction of residential structures

To report on these measures in the Performance Report, a grantee must review activities with the activity types listed above and threshold requirements, identify if the activity is “Subject to Section 3 Requirements” and provide projected accomplishments in the DRGR Action Plan. When setting up new activities with the activity types mentioned above, grantees should enter projected accomplishments if the activity meets the threshold requirements. Once projected measures are entered, the proposed measures will appear in the data tables in the Performance Report as a row in the Proposed Accomplishments section. In instances where projections are unavailable at the time of activity selection, a grantee may enter “0” as a placeholder until actual projections are available for entry. Accomplishments will then be entered in the Performance Report upon meeting a National Objective.

### Action Plan – Proposing Section 3 Performance Accomplishments

This section provides general guidance on navigating the activity “Details” and “Measures” functions to identify applicable activities and enter Section 3 performance accomplishment projections in the DRGR Action Plan. The “Measures” applicable to a grant will depend on the appropriation and the chosen “Activity Type.” The following provides an example of how to identify a Section 3 activity under the DRGR Action Plan: Activity – Details” tab and projecting Section 3 performance accomplishments under the “DRGR Action Plan: Activity - Measures” tab for a construction related activity where Section 3 reporting is required.

**Note:** Review the *DRGR User Manual - Action Plan Activities* chapter for step-by-step instructions and additional details on activity setup and proposing accomplishments.

1. From the Action Plan “Manage Activity” page, select the “Details” tab followed by selecting “Edit” located next to “Subject to Section 3 Requirements.” Selecting to edit this field will allow grantees to identify an activity as “Yes” or “No” if subject to Section 3 requirements.

The screenshot shows the 'Manage Activity' page with the following details:

<b>Grant Number:</b>	B-18-DP-48-0002	<b>Activity Number:</b>	RHP[CBCOG]_SMID_UN[MIT]
<b>Grantee Name:</b>	Texas - GLO	<b>Activity Title:</b>	MIT Resilient Home Program
<b>Appropriation Code:</b>	2018 MIT	<b>Activity Type:</b>	MIT - Rehabilitation/reconstruction of residential structures
<b>National Objective:</b>	Urgent Need Mitigation	<b>Projected Start &amp; End Date:</b>	03/30/2020 - 03/30/2026
<b>Project Number:</b>	0010	<b>Benefit Report Type:</b>	Direct: Households
<b>Project Title:</b>	Resilient Home Program	<b>Responsible Organization:</b>	Texas General Land Office
		<b>Activity Status:</b>	Under Way

Navigation tabs: Financials, **Details**, Documents, Measures, Environmental

**Additional Details**

**Activity Description:** The Resilient Housing Program (RHP) will replace owner-occupied single family homes damaged by Hurricane Harvey with a reconstructed home that meets additional resiliency and mitigation standards required of the RHP.

**Location Description:** Activities shall take place in a 2017 Hurricane Harvey CDBG-DR eligible county.

**Subject to Section 3 Requirements:** [Edit]

- From the Action Plan “Manage Activity” page, select the “Measures” tab followed by selecting “Edit” located next to “Proposed Accomplishments.”

The screenshot shows the 'Manage Activity' interface. At the top, there are fields for Grant Number (B-16-ND-01-0001), Activity Number (542021), Grantee Name (rogco), Activity Title (Bayou Buyout 2021), Appropriation Code (2013 NDR), Activity Type (Rehabilitation/reconstruction of residential structures), National Objective (Urgent Need), Projected Start & End Date (2021-05-02 - 2021-08-21), Project Number (NDR-04), Benefit Report Type (N/A), Project Title (CDBG-DR Funded Project 02), Responsible Organization (City of Green Acres), and Activity Status (Under Way). Below this, there are tabs for Financials, Details, Documents, Measures, and Environmental. The 'Measures' tab is highlighted with a red box. Underneath, there is a section for 'Performance Measures' and 'Benefit Reporting Performance'. At the bottom, there is a table for 'Proposed Accomplishments' with an 'Edit' button next to it, both highlighted with red boxes.

Performance Measure	Proposed Total
# of Properties	
#Energy Star Replacement Windows	
#Additional Attic/Roof Insulation	
#High efficiency heating plants	
#Efficient AC added/replaced	

- The “Edit Performance Measures” page will load. The pre-populated “Performance Measures” are related to the “Activity Type” selected. If an “Activity Type” is selected where Section 3 compliance is required, grantee users will have the option to enter the proposed total for each Section 3 performance measure (“# of Total Labor Hours”, “# of Section 3 Labor Hours” and “# of Targeted Section 3 Labor Hours”) where appropriate. When complete, select <Save>.

The screenshot shows the 'Edit Performance Measures' page. On the left, there is a sidebar with the 'Manage Activity' header and project details. The main area contains a list of performance measures with input fields for their values. The following table represents the data shown in the screenshot:

#Units with solar panels	Total...
#Low flow toilets	Total...
#Low flow showerheads	Total...
#Units with bus/rail access	Total...
#Units exceeding Energy Star	Total...
#Sites re-used	Total...
#Units deconstructed	Total...
#Units with other green	Total...
Activity funds eligible for DREF (Ike Only)	Total...
# ELI Households (0-30% AMI)	Total...
# of Substantially Rehabilitated Units	Total...
# of Elevated Structures	Total...
# of Total Labor Hours	100
# of Section 3 Labor Hours	50
# of Targeted Section 3 Labor Hours	10

At the bottom right of the page, there are 'Cancel' and 'Save' buttons, with the 'Save' button highlighted by a red box.

- Once the grantee user selects “Save”, a green success message will populate at the top of the screen and Section 3 projections will populate to the applicable DRGR Action Plan activity

“Measures” tab under “Proposed Accomplishments.” Grantees will then have the ability to report Section 3 accomplishment actuals within its Performance Report, when applicable.

**Note:** Failure to propose Section 3 accomplishments in the activity “Measures” Tab will prevent grantees from being able to report actual accomplishments in the Performance Report. Additionally, entering even a zero for an accomplishment as a placeholder will result in that measure appearing in the Performance Report for actual Section 3 labor hours data.

The screenshot shows the 'Disaster Recovery Grant Reporting System' interface. At the top, there is a header with 'CPD', 'Disaster Recovery Grant Reporting System', and a user ID 'B-16-ND-01-0001'. A green 'Saved' notification is visible in the top right corner. The main content area lists various performance measures, including '#Clothes washers replaced', '#Dishwashers replaced', '#Units with solar panels', '#Low flow toilets', '#Low flow showerheads', '#Units with bus/rail access', '#Units exceeding Energy Star', '#Sites re-used', '#Units deconstructed', '#Units with other green', 'Activity funds eligible for DREF (Ike Only)', '# ELI Households (0-30% AMI)', '# of Substantially Rehabilitated Units', and '# of Elevated Structures'. A red box highlights a table with the following data:

# of Total Labor Hours	100
# of Section 3 Labor Hours	50
# of Targeted Section 3 Labor Hours	10

Below the list, there is a section for 'Proposed Beneficiaries' with a table that currently shows 'No Proposed Beneficiaries selected'. An 'Edit' button is visible in the bottom right corner of the interface.

## Performance Report – Reporting Actual Section 3 Accomplishments

This section describes entering actual accomplishments on a quarterly basis as progress is made for Section 3 requirements and benchmarks. “Projected Accomplishment” entries made at the activity level in the DRGR Action Plan drive the reporting of actual Section 3 performance measures accomplished in the Performance Report. As mentioned earlier, the Performance Report only shows measures for Section 3 accomplishment reporting if grantees have entered projections of Section 3 labor hours in the DRGR Action Plan.

**Note:** Review the *DRGR User Manual - Performance Report Overview* chapter for step-by-step instructions and additional details on reporting performance accomplishments.

1. On the “Manage Performance Report” page, to edit an individual activity, click on “Activities” tab. “Activity Search” section will display on “Activity” tab.

Disaster Recovery Grant Reporting System | X-20-R-8-15540

## Manage Performance Report

Grant Number: X-20-R-8-15540  
 Grantee Name: Louisiana  
 Appropriation Code: 2013 SDY  
 Action Plan Status: Modified - Resubmit When Ready  
 Grant Status: Active

LOCS Authorized Amount: \$10,000,000.00  
 Grant Award Amount: \$10,000,000.00  
 Total Estimated PI/RL Funds: \$100,000.00  
 Total Budget: \$10,100,000.00

Contract Start Date: 01/01/2019  
 Contract End Date:   
 Report Start Date: 10/01/2020  
 Report End Date: 12/31/2020  
 Report Contact: [Edit](#)

Financials | Details | Narratives | Documents | Measures | **Activities** | History | Upload

### Activity Reports

Search Criteria

Grantee Activity Number:  Enter Grantee Activity Number ...  
 Activity Title:  Enter Activity Title ...

2. Select the desired “Actions” icon on the “Activity Reports- Search Results” page. The “Manage Performance Report – Activity” page will load.

Disaster Recovery Grant Reporting System | X-20-R-8-15540

## Activity Reports

Search Criteria

Grantee Activity Number:  Enter Grantee Activity Number ...  
 Project Number:  Enter Project Number ...  
 Activity Type:  Enter Activity Type ...  
 Activity Title:  Enter Activity Title ...  
 Grantee Program Name:  Enter Grantee Program Name ...  
 Show All Activities:  No

[Reset](#) [Search](#)

Search Results **5**

[Copy](#) [Print](#) [CSV](#) [Excel](#)

Grantee Activity Number	Activity Title	Activity Type	Primary Activity Number	Responsible Organization	Project Number	Project Title	Grantee Program	National Objective	Status	Actions
Activity 3	Activity 3	Affordable Rental Housing		1026 Constance, LLC	Project 2	Project 2		N/A	Under Way	<a href="#">Edit</a>
Activity 4	Activity 4	Construction of new housing		1026 Constance, LLC	Project 3	Project 3		N/A	Under Way	<a href="#">Edit</a>
Activity 1	Activity 1	Acquisition - general		1026 Constance, LLC	Project 1	Project 1	Automated Test Grantee Program 20350	N/A	Under Way	<a href="#">Edit</a>
Activity 2	Activity 2	Administration		1026 Constance, LLC	Project 2	Project 2	Automated Test Grantee Program 20350	N/A	Under Way	<a href="#">Edit</a>
Activity 1-11242020133556	Activity 1	Acquisition - general		1026 Constance, LLC				N/A	Deleted	<a href="#">Edit</a>

First | Previous | Next | Last

Show 10 Rows

3. On the “Manage Performance Report – Activity” page, click on “Measures” tab.

Disaster Recovery Grant Reporting System | X-21-DMI-MJ-0319

## Manage Performance Report—Activity

Activity Number: JM ACT Direct(HH Renter/Owner) 4  
 Project Number/Title: ADMI\_04  
 Appropriation Code: 2013 SDY  
 Grant Number: X-21-DMI-MJ-0319  
 Activity Status: Planned  
 Responsible Organization: Louisiana Housing Corporation

Activity Title: BMJ ACT 4 test  
 Activity Type: Construction of new housing  
 National Objective: Low/Mod  
 Performance Report Start Date: 04/01/2021  
 Performance Report End Date: 06/30/2021  
 Completed Activity Actual End Date: [Edit](#)

Financials | Narratives | Documents | **Measures** | Addresses

### Performance Measures

Benefit Reporting Performance

Benefit Report Type: Housing Units  
 Direct Benefit - HH - Renter/Owner Housing Units - Single/Multi Family

Disaster Recovery Grant Reporting System | B-16-ND-01-0001

Financials | Narratives | Documents | **Measures** | Addresses

### Performance Measures

#### Benefit Reporting Performance

[Edit](#)

#### Accomplishments

Performance Measure	Projected	This Report Period	To Date
# ELI Households (0-30% AMI)	0	0	0
# of Elevated Structures	0	0	0
# of Properties	0	0	0
# of Section 3 Labor Hours	50	25	35
# of Substantially Rehabilitated Units	0	0	0
# of Targeted Section 3 Labor Hours	10	5	7
# of Total Labor Hours	100	100	120
#Additional Attic/Roof Insulation	0	0	0
#Clothes washers replaced	0	0	0
#Dishwashers replaced	0	0	0
#Efficient AC added/replaced	0	0	0

- To enter Section 3 performance accomplishment data, click on the “Edit” link next to the Accomplishments section on the “Measures” tab of the “Manage Performance Report – Activity” page (shown above) and the “Edit Accomplishment” screen below will load.

Disaster Recovery Grant Reporting System | B-16-ND-01-0001

Responsible Organization: [Organization Name]

Financials | Performance Measure | Benefit Reporting Performance | **Accomplishments** | Addresses

#### Edit Accomplishments

Enter the values and click save.

Performance Measure	Projected	This Report Period	To Date
# ELI Households (0-30% AMI)	0	<input type="text" value="0"/>	0
# of Elevated Structures	0	<input type="text" value="0"/>	0
# of Properties	0	<input type="text" value="0"/>	0
# of Section 3 Labor Hours	50	<input type="text" value="25"/>	35
# of Substantially Rehabilitated Units	0	<input type="text" value="0"/>	0
# of Targeted Section 3 Labor Hours	10	<input type="text" value="5"/>	7
# of Total Labor Hours	100	<input type="text" value="100"/>	120
#Additional Attic/Roof Insulation	0	<input type="text" value="0"/>	0
#Clothes washers replaced	0	<input type="text" value="0"/>	0
#Dishwashers replaced	0	<input type="text" value="0"/>	0
#Efficient AC added/replaced	0	<input type="text" value="0"/>	0
#Energy Star Replacement Windows	0	<input type="text" value="0"/>	0
#High efficiency heating plants	0	<input type="text" value="0"/>	0
#Light fixtures (outdoors) replaced	0	<input type="text" value="0"/>	0
#Light fixtures (indoors) replaced	0	<input type="text" value="0"/>	0
#Low flow showerheads	0	<input type="text" value="0"/>	0
#Low flow toilets	0	<input type="text" value="0"/>	0

- Once grantee users enter all applicable actual financials, performance measure accomplishments and progress narratives for activities that quarter, the grantee will “Submit” its Performance Report for HUD review and approval. Entry of Section 3 actual performance accomplishments will be available for HUD and the public to review.

**Note:** As stated in the new Section 3 rule notice (24 CFR Part 75) and FAQs, if a grantee activity identified in DRGR is subject to Section 3 does **NOT** meet the identified benchmarks, but the grantee can provide evidence that it has made qualitative efforts to provide low- and very low-income persons with employment and training opportunities, then HUD will consider the grantee

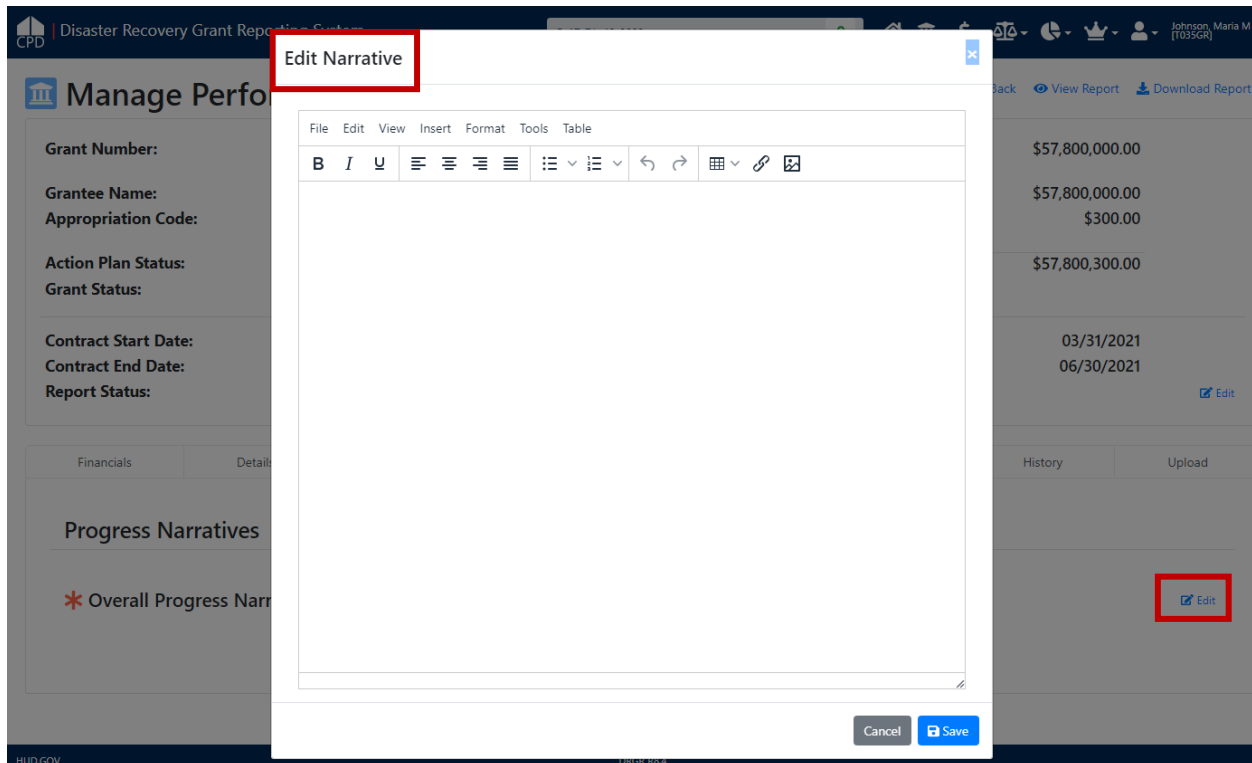
compliant with Section 3, absent evidence to the contrary. 24 CFR 75.25 provides a list of 16 qualitative efforts responses for grantees to reference.

Grantees should include a qualitative efforts narrative within the DRGR QPR or Performance Report at the activity level to describe failure to meet the proposed Section 3 benchmark. The grantee must clearly identify at least one option from the list that best describes the grantees efforts or enter “Other” followed by narrative describing efforts not included in the list of qualitative efforts.

**Note:** HUD will introduce a “Section 3 Qualitative Efforts” comments box within the DRGR Performance Report in FY 2022, which will replace the requirement of entering qualitative efforts within the Performance Report “Activity – Overall Progress Narrative.”

6. On the “Manage Performance Report- Activity” screen, select the “Edit” option for “Overall Progress Narrative.” The “Edit Narrative” box will populate, where grantees should enter qualitative efforts data when an activity fails to meet the benchmark. Grantees should clearly notate within the text box that the activity is subject to Section 3 requirements, but the activity has not met the Section 3 benchmarks. The grantee will list the applicable qualitative efforts.

**Note:** Grantees can also upload supporting documentation if necessary, to provide additional information to describe qualitative efforts.



## Reports Module (MicroStrategy) – Section 3 Benchmarks Report

The Reports Module (MicroStrategy) provides grantees and HUD access to the various DRGR reports. This section describes how to access the MicroStrategy report developed to assist grantees and HUD evaluate a grantee’s progress toward meeting the Section 3 benchmarks for applicable activities.



This report will utilize the data entered in the DRGR system (no data entry takes place in MicroStrategy) by grantees.

**Note:** Review the *DRGR User Manual - Reports* chapter for step-by-step instructions on basic navigation and additional details on how to review data in the Reports (MicroStrategy) module.

1. To access the Reports module in DRGR, select the Data Analytics module, or pie chart icon, located in the navigation bar.



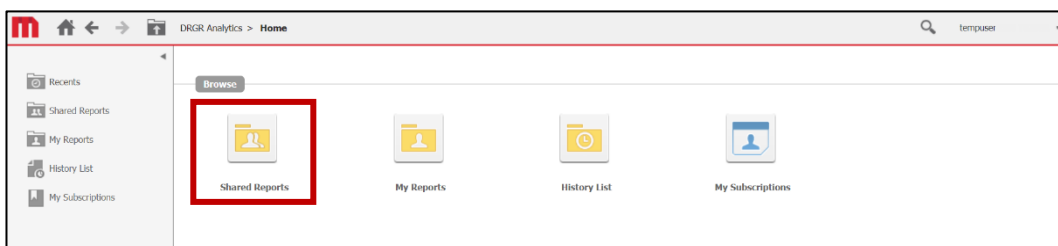
2. This opens the dropdown menu for the “Data Analytics” module. Select “Reports” to access the “Reports (MicroStrategy)” module.



3. Once MicroStrategy loads in a new browser window or tab, one or more of the following Reports folders will be displayed. Select the “DRGR Analytics” folder.



4. The “Home” page will load. From this page, all reporting actions are available. Select “Shared Reports.”



5. The “Shared Reports” page will load and display a set of folders. Select the “Global Performance” folder to access applicable Section 3 Labor Hours Report.

**Global Admin**  
Owner: Administrator  
Modified: 3/24/20 12:47:05 AM

**Global Compliance**  
Owner: Administrator  
Modified: 10/17/19 10:40:11 PM

**Global Finance**  
Owner: Administrator  
Modified: 4/9/20 3:25:04 PM

**Global History**  
Owner: Administrator  
Modified: 4/2/20 3:46:22 AM

**Global Performance**  
Owner: Administrator  
Modified: 4/2/20 3:46:22 AM

**HUD Office**  
Owner: Administrator  
Modified: 3/24/20 12:46:39 AM

**HUD Super Users**  
Owner: Administrator  
Modified: 3/24/20 12:47:15 AM

- Select report “P35 – QPR – Section 3 Hours” to evaluate the Section 3 cumulative totals entered by activity in Performance Reports by grantee/grant.

DRGR Analytics > Shared Reports > HUD Super Users > In Development > In Review - P35 – QPR – Section 3 Hours

REPORT HOME | TOOLS | DATA | GRID | FORMAT

REPORT DETAILS

Report Filter:  
 ((Grant Status) = Active) And ((Grant Level) <> Child Grant) And (Set of ( Activity Measure Type, Activity Measure Category, Activity Id ) where ((Activity Projected) > 0) Or Set of ( Activity Measure Type, Activity Measure Category, Activity Id ) where ((QPR Actual Meas

View Filter:  
 (Program = DR CDBG) And ((Activity Measure Type) = # of Total Labor Hours, # of Section 3 Labor Hours, # of Targeted Section 3 Labor Hours) And (Grantee = rocco)

PAGE-BY: Appropriation: 2013 NDR:2013 National Disaster Resilience | Program: DR CDBG | Grantee: rocco | Grant: B-16-ND-01-0001

Activity Number ▲	Activity Title ▲	Activity Type ▲	Activity Responsible Org ▲	Projected - Total Labor Hours ▼	Projected - Section 3 Hours ▼	Projected % - Section 3 Hours (Min. 25%) ▼	Projected - Targeted Section 3 Hours ▼	Projected % - Targeted Section 3 Hours (Min. 5%) ▼	Actual - Total Labor Hours ▼	Actual - Section 3 Hours ▼	Actual % - Section 3 Hours (Min. 25%) ▼	Actual - Targeted Section 3 Hours ▼	Actual % - Targeted Section 3 Hours (Min. 5%) ▼
542021	Bayou Buyout 2021	Rehabilitation/reconstruction of residential structures	City of Green Acres1	100	50	50%	10	10%	125	45	36%	27	22%
Section 3 Testing	Florida Fleece Program 2021	Rehabilitation/reconstruction of residential structures	City of Green Acres2	10,000	1,000	10%	500	5%	1,000	100	10%	50	5%

## Questions?

All questions and inquiries regarding this fact sheet, including defect reporting, should be sent to HUD’s [Ask A Question \(AAQ\) portal](#). Under “My question is related to,” select “DRGR: Disaster Recovery Grant Reporting System.”