

HUD Section 3: Employment and Training Opportunities in the Era of Welfare Reform

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Abstract

In 1994, Congress amended Section 3 of the Housing and Urban Development Act of 1968 to help give citizens deprived of economic activity increased access to employment and job training. Section 3 requires recipients of HUD funds and the contractors they employ to ensure that the economic opportunities generated by the expenditures go to benefit low-income persons "to the greatest extent feasible." Last year, Congress enacted a sweeping reform of welfare laws that will result in extensive cuts in entitlement programs and is intended to push many current welfare recipients into the work force.

This paper examines Section 3 and how municipalities can use it to aid people who are faced with losing benefits. This paper first discusses the history of Section 3 and explains when it applies and what it requires of recipients. It then discusses Section 3's intersection with other federal and state laws. Next, this paper discusses certain policy considerations with respect to employment and training of low and very low income persons, including topics such as welfare reform and selected municipalities' efforts to comply with Section 3. This paper provides recommendations based on policy and legal requirements as how to best accommodate Section 3's goals. Finally, the paper presents a proposed implementation plan that could be used by a municipality seeking to more fully take advantage of Section 3's benefits.

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