

SECTION 3

Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968 that helps foster local economic development, neighborhood economic improvement, and individual self-sufficiency. The Section 3 program requires that recipients of certain HUD financial assistance, to the greatest extent feasible, provide job training, employment, and contracting opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods.

Section 3 Resident

- A. A low-income person, meaning families (including single persons) whose incomes do not exceed 80 percent of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary of HUD may establish income ceilings higher or lower than 50 percent of the median for the area on the basis of the HUD Secretary's findings that such variations are necessary because of unusually high or low family incomes; or
- B. A very low-income person, meaning families (including, single persons) whose income do not exceed 50 percent of the median family income for the area, as determined by the HUD) Secretary with adjustments for smaller and larger families, except that the HUD Secretary may establish income ceilings higher or lower than 50 percent of the median for the area on the basis of the HUD Secretary's findings that such variations are necessary because of unusually high or low family incomes.
- C. Hiring Priority
 - 1. Residents of the housing developments for which the Section 3 covered assistance is expended;
 - 2. Area public and assisted housing residents;
 - 3. Participants in HUD or DOL YouthBuild programs; and
 - 4. Other Section 3 income eligible residents within the county.

Section 3 Business

- A. A business qualifies as a Section 3 business if:
 - 1. It is 51% or more owned by Section 3 residents; or
 - 2. At least 30% of its full-time employees are currently Section 3 residents or were Section 3 residents within 3 years of the first date of employment; or
 - 3. It can provide evidence of a commitment to subcontract at least 25% of the contract amount to a business that meets the 51% ownership or 30% full time employee requirements.
- B. Section 3 - Joint Venture: An association of business concerns, one of which meets any of the qualification, as described above, with an executed agreement to implement the project. The agreement must indicate that the Section 3 business concern:
 - 1. Is responsible for a clearly defined portion of the work: to be performed and holds management responsibilities in the joint venture; and
 - 2. Performs at least 25 percent of the work and is contractually entitled to compensation, proportionate to its work.