

Creating Economic Opportunities for Low and Very Low Income Persons Understanding Section 3 of the Housing and Urban Development Act

Section 3 is a provision of the Housing and Urban Development Act of 1968, as amended, which recognizes that HUD funds are typically one of the largest sources of federal funding expended in communities through the form of grants, loans, entitlement allocations and other forms of financial assistance.

The purpose of Section 3 is to ensure that economic opportunities generated from HUD - funded projects will be directed to low and very low-income persons, particularly those receiving assistance for housing. Section 3 is triggered when covered projects require “new” hires or sub-contracting. Section 3 is not an entitlement, it is an opportunity.

The threshold for community development block grant (CDBG) programs is \$200,000 or more in CDBG funds for a recipient-initiated project and \$100,000 or more for contractors under that project. Section 3 activities include housing rehabilitation lead-based paint abatement, housing construction and other public construction. For instance, activities of the Neighborhood Stabilization Program that are covered by Section 3 include purchase and rehabilitation, demolition and redevelopment. Section 3 requirements apply to the entire project or activity, regardless of whether it is fully or partially funded by HUD. Economic opportunities generated under Housing and Community Development Programs include employment associated with these building trades: construction labor, management and administrative support and architectural, engineering and professional services.

A Section 3 *resident* is a public housing resident or resident of a metropolitan area or non-metropolitan county, in which the Section 3 covered assistance is expended, and who qualifies as a low-income or very low-income person.

A Section 3 *business concern* is a business that is 51 percent or more owned by Section 3 residents or 30 percent or employed staff are Section 3 residents, or 25 percent of subcontracts committed to Section 3 businesses.

The numerical goals for employment are 30 percent of new hires annually and for contracts 10 percent of the total dollar amount of all Section 3 covered contracts for building trades work. The recipient is responsible for notifying residents, notifying contractors and incorporating the Section 3, facilitating training and employment of residents, awarding contracts to Section 3 businesses, assisting with compliance among contractors, documenting actions to comply and meeting the numerical goals.

Section 3 is race and gender neutral. A Section 3 resident must meet the qualifications of the position to be filled and a Section 3 business concern must have the ability to perform.

If you qualify as a Section 3 Business, you are also encouraged to register as such on HUD’s Section 3 Registry, which can be found at:

<https://portalapps.hud.gov/Sec3BusReg/BRegistry/BRegistryHome>

SECTION 3 BUSINESS CERTIFICATION

The undersigned bidder/contractor certifies under penalty of law, and as part of its bid or contract that it:

Is a section 3 business as indicated below (check applicable box):

- Category 1 Business: A business that is owned by 51% or more Section 3 Residents.
- Category 2 Business: A business whose current full time employees, either temporary, seasonal or permanent, consist of at least 30% Section 3 Residents or whose current permanent, full time employees were Section 3 Residents when they were first hired and the period from the date they were first hired to the date of certification does not exceed three (3) years.

A Section 3 resident is defined as any low or very low income person residing within Salt Lake County. Low income is defined at 80% of the area median income based on family size as demonstrated below:

Rates Effective as of June 1, 2018

<u>Family Size</u>	<u>Maximum Income</u>
1	\$44,800
2	\$51,200
3	\$57,600
4	\$64,000
5	\$69,150
6	\$74,250
7	\$79,400
8	\$84,500

- Category 3 Business: A business that provides sufficient evidence to ensure a commitment to subcontract more than 25% of the total dollar amount of all subcontracts to Section 3 Businesses.
- Is not a Section 3 Business.

Business Name

Project

Business Address

Certifying Individual/Title

Business Address Cont'd

Signature

City, State, Zip

Amount of Contract

Date

Phone Number

Email Address

Complete and return this form to:
 Nancy Kessel
 Salt Lake County Government Center
 2001 South State Street, Suite S2100
 P.O. Box 144575
 Salt Lake City, UT 84114-4575
 (385) 468-4904
Or Scan To: nkessel@slco.org