

# SECTION 3

The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with Federal, State, and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.



## TARGETED SECTION 3 WORKER

- A worker employed by a Section 3 Business Concern

Currently or in the past 5 years, the worker meets at least one of the following:

- Living within one mile of the service area or the neighborhood of the project
- A YouthBuild participant



## SECTION 3 WORKER

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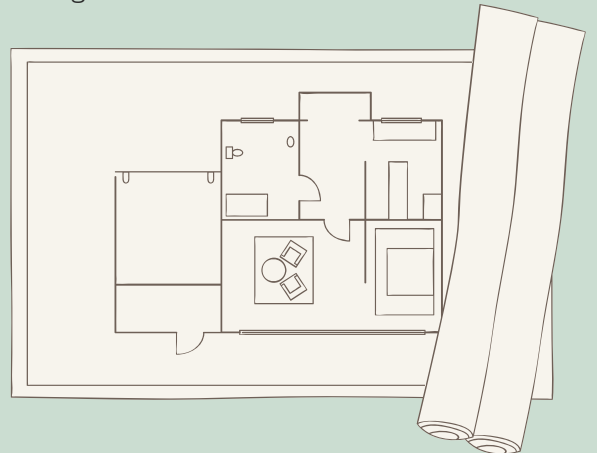
- Income for the previous or annualized calendar year is below the income limit established by HUD.
- Employed by a Section 3 Business Concern
- A YouthBuild participant



## SECTION 3 BUSINESS CONCERN

Businesses that meet at least one of the following criteria, documented within the last six-month period:

- At least 51 percent owned and controlled by low-or very low-income persons;
- Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
- A business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.



## APPLICABLE PROJECTS

For housing and community development financial assistance, Section 3 projects are:

- housing rehabilitation
- housing construction
- other public construction projects assisted under HUD programs

AND the total amount of assistance exceeds **\$200,000** of housing and community development financial assistance.

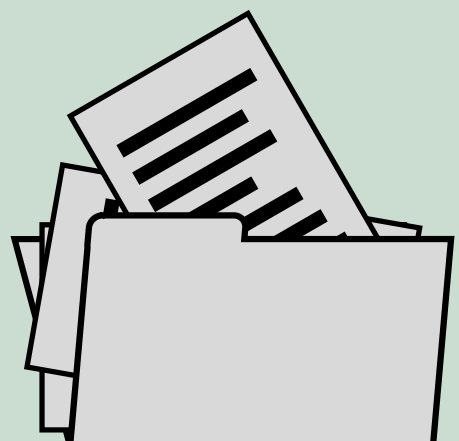
For projects funded with Lead Hazard Control and Healthy Homes funding, Section 3 applies to projects that exceed **\$100,000**.

## QUALITATIVE EFFORTS

If Safe Harbor Benchmarks aren't met then evidence of qualitative efforts must be provided. These qualitative efforts could include:

- Outreach meetings
- Post flyers in public areas
- Job advertisement in paper, tv, radio, etc.
- Host or attend job fair
- Postage at work site containing information about open job positions.
- Provide training or apprenticeship opportunities.

Any efforts made will need to be clearly documented and evidence will need to be provided to the Section 3 Coordinator.



## INDIVIDUAL INCOME LIMIT ELIGIBILITY

An individual's income must be at or below limits established by HUD for an individual household size of one regardless of actual household size to be considered a Section 3 Worker based on income.

*\*Numbers based on Montgomery County*

Income Limits Category	FY 25 Income Limits
Extremely Low-Income Limits (30%)	\$19,500
Very Low-Income Limits (50%)	\$32,550
Low-Income Limits (80%)	\$52,050

## BENCHMARKS

Twenty-five percent (25%) or more of the total number of labor hours on a Section 3 project are from Section 3 Workers.

Five percent (5%) or more of the total number of labor hours on a Section 3 project are from Targeted Section 3 Workers.

If a contractor is unable to meet the benchmark, they must report on qualitative efforts made such as:

- Outreach Efforts
- Job Fairs
- Providing Technical Assistance to help applicants compete for jobs
- Provide Training and Apprenticeship Opportunities, etc.



## REPORTING REQUIREMENTS

Contractors working on Section 3 applicable projects are required to submit monthly reports that include:

- Company Information
- Employee Information
- Reporting of Labor Hours
- Qualitative Efforts Made

Annual reports are also required to track the project's overall performance and compliance. The annual reports will be reported to HUD.