

Section 3 of the Housing and Urban Development Act of 1968 FACT SHEET

Section 3¹ of the Housing and Urban Development Act of 1968 requires recipients of HUD funds (and their contractors and subcontractors), to the greatest extent feasible, provide economic opportunities such as **jobs** and **training** to low and very-low income persons (**Section 3 residents**) and award contracts to **Section 3 Businesses** in conjunction with projects and activities in their neighborhoods.

DHCD's grantees that receive HUD community development funding must comply with Section 3 (this applies to other units of local governments, public housing authorities, nonprofit organizations, and their contractors and subcontractors). DHCD also applies Section 3 to its community development programs.

Section 3 applies to: (1) housing rehabilitation, (2) housing construction, and (3) other public construction projects.

Who are Section 3 residents?

Section 3 residents are:

- Public housing residents including persons with disabilities; and
- Low and very-low income District residents living in HUD-assisted projects.

What is a Section 3 business?

A Section 3 business is one:

- That is at least 51 % or more owned by Section 3 residents, or
- Whose permanent, full-time employees include persons, at least 30% of whom are currently Section 3 residents, or within three years of the date of first employment with the business were Section 3 residents, or
- That provides evidence of a commitment to subcontract in excess of 25% of the dollar award of all subcontracts to be awarded to a Section 3 business.

Who receives Economic Opportunities under Section 3?

For training and employment:

- Persons in public and assisted housing;
- Persons residing in the area where the HUD financial assistance is expended; and
- Participants in HUD Youth-build programs;

For contracting:

- Businesses which fit the definition of a **Section 3 business** in 24 CFR § 135.5.
- For Developers, contractors and subcontractors seeking contracting preferences as a Section 3 business concerns, DHCD will certify these businesses as Section 3 business concerns.

¹ Section 3 of the Housing and Urban Development Act of 1968 (24 CFR Part 135) (12 U.S.C. 1701u)

Who has available Section 3 opportunities?

DHCD's grantees that are engaging in housing construction, housing rehabilitation and public construction projects may have job, training and contracting opportunities. Section 3 sets out specific goals for the hiring, training and contracting with Section 3 residents in the regulations.

What economic opportunities are available under Section 3?

Training, employment and contracting opportunities are available.

How can businesses find Section 3 residents to work for them?

Grantees may recruit in neighborhoods and public housing developments to inform residents about available training and job opportunities. Distributing flyers, posting signs, placing ads, and contacting resident organizations and local community development and employment agencies to locate potential workers are effective ways of recruiting residents.

Long-term employment, seasonal or temporary employment?

To the greatest extent feasible, recipients, contractors and subcontractors are required to provide all types of employment opportunities, preferably long-term employment, to low and very low-income persons. These opportunities may also include seasonal and temporary employment.

Compliance Certification

All DHCD funding grantees must (1) certify that they will comply with applicable Section 3 requirements and (2) provide a Section 3 Opportunities Plan and its accompanying documentation.

Compliance Monitoring

DHCD is mandated to report to HUD annually regarding its Section 3 program. DHCD will monitor Section 3 performance of contractors/subcontractors and investigate complaints. DHCD will examine employment and contract records for evidence of actions taken to employ Section 3 residents and to award contracts to Section 3 businesses.

Notice of Non-Discrimination: In accordance with the D.C. Human Rights Act of 1977, as amended, D.C. Official Code Section 2-1401.01 et seq., (Act) the District of Columbia does not discriminate on the basis of actual or perceived: race, color, religion, national origin, sex, age, marital status, personal appearance, sexual orientation, gender identity or expression, familial status, family responsibilities, matriculation, political affiliation, genetic information, disability, source of income, status as a victim of an intra-family offense, or place of residence or business. Sexual harassment is a form of sex discrimination which is prohibited by the Act. In addition, harassment based on any of the above protected categories is prohibited by the Act. Discrimination in violation of the Act will not be tolerated. Violators will be subject to disciplinary action.

Department of Housing and Community Development

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