

HUD Section 3

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What is HUD Section 3?

The Section 3 program requires that recipients of certain HUD financial assistance, to the greatest extent possible, provide training, employment, contracting and other economic opportunities to low- and very low-income persons, especially recipients of government assistance for housing, and to businesses that provide economic opportunities to low- and very low-income persons.

Who qualifies as a HUD Section 3 Worker?

You will qualify as a Section 3 Worker if:

1. The worker's income from the previous or annualized calendar year is below 80% of the area median individual income limit.
2. The worker is employed by a Section 3 business concern.
3. The worker is a YouthBuild participant.

Who qualifies as a HUD Section 3 Business?

You will qualify as a Section 3 Business if:

1. 50% or more of your business is owned by a Section 3 Worker; or
2. The company/business permanent, full-time employees include persons, at least 30% of whom are currently Section 3 workers or within three years of the date of first employment with the business were Section 3 workers; or
3. The company/business provides evidence of a commitment to subcontract in excess of 25% of the dollar award of all subcontracts to be awarded to the business that meet the qualifications set forth in number 1 or 2 above.

Why register on the HUD Section 3 Business Registry?

The Section 3 Business Registry is a listing of firms that have self-certified that they meet one of the regulatory definitions of a Section 3 business and are included in a searchable online database that can be used by agencies that receive HUD funds, developers, contractors, and others to facilitate the award of certain HUD-funded contracts. The database can also be used by Section 3 residents to identify businesses that may have HUD-funded employment opportunities.

This registry is a helpful tool to assistant recipients of HUD funding (e.g., Public Housing Agencies, local units of government, property owners, etc), developers, and others locate Section 3 businesses within their community. It also enables HUD grantees to meet their Section 3 obligations by reducing some of the burden associated with locating eligible businesses.

It is important to note that Section 3 businesses are not entitled to receive contracts simply by being listed in HUD's Section 3 Business Registry database. Eligible businesses may need to demonstrate that they are responsible and have the ability to perform successfully under the terms and conditions of proposed contracts. Section 3 requirements at 24 CFR 135, then provides preference for contracts and subcontracts to these firms-but not a guarantee.

While HUD maintains the Business Registry database, it has not verified the information submitted by the businesses and does not endorse the services they provide. Accordingly, it is recommended that users perform due diligence before awarding contracts to firms that have self-certified on this registry by ensuring that they meet the definition of a Section 3 business concern as defined by HUD's regulations at 24 CFR 135.5.

The general public can notify HUD through the Business Registry website if they believe a firm has potentially misrepresented themselves as a Section 3 business. In such situations, HUD will request documentation and additional information from the business to verify that they qualify for inclusion in the database. Businesses found to have misrepresented themselves will be removed from the database and penalized.