

# Disclosure Regarding Applicability of Section 3 of the Housing and Urban Development Act of 1968

## OVERVIEW

The purpose of Section 3 is to ensure that economic opportunities, most importantly employment, generated by certain HUD financial assistance shall be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing or residents of the community in which the Federal assistance is spent.

## DEFINITIONS

- **Section 3 Worker:** any worker who currently fits or when hired within the past five years fit at least one of the following categories, as documented:
  - The worker's income for the previous or annualized calendar year is below the income limit<sup>1</sup> established by HUD.
  - The worker is employed by a Section 3 business concern.
  - The worker is a YouthBuild participant.
- **Targeted Section 3 Worker:** any worker that is a Section 3 worker who is also:
  - A worker employed by a Section 3 business concern; or
  - A worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years:
    - Living within the service area or the neighborhood of the project, as defined in 24 CFR Part 75.5; or
    - A YouthBuild participant.

## APPLICABILITY

Section 3 applicability is determined at the project level based on the context of the financial assistance as described in 24 CFR § 75.3(a).

This policy applies to construction, reconstruction, conversion, or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction such as roads, sewers and community centers, and buildings or improvements **that are funded with \$200,000** or more of financial assistance from HUD programs.

Section 3 requirements apply to an entire project, regardless of whether the project is fully or partially assisted under HUD programs.

Section 3 requirements **do not** apply to:

- **Material Supply Contracts:** 24 CFR § 75.3(b) contracts for the purchase of products and materials, including, but not limited to, lumber, drywall, wiring, concrete, pipes, toilets, sinks, carpets, and office supplies; and
- **Indian and Tribal Preferences:** 24 CFR § 75.3(c) contracts, subject to Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5307(b)) or subject to tribal preference requirements as authorized under 101(k) of the Native American Housing Assistance and Self-Determination Act (25 U.S.C. 4111(k)) must provide preferences in employment, training, and business opportunities to Indians and Indian organizations, and are therefore not subject to Section 3 requirements ;
- **Professional services:** 24 CFR § 75.5 non-construction services that require an advanced degree or professional licensing, including, but not limited to, contracts for legal services, financial consulting, accounting services, environmental assessment, architectural services, and civil engineering services.

It's important to note that even for projects not subject to Section 3, recipients are strongly encouraged to consider ways to support the purpose of Section 3 24 CFR § 75.3(d).

## **SECTION 3 CLAUSE**

All Section 3 covered contracts and subcontracts must include the following clause:

- I. The work to be performed under this Contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (*12 U.S.C. §1701u*) (“**Section 3**”). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted developments covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons including persons who are recipients of HUD assistance for housing, with preference for both targeted workers living in the service area or neighborhood of the Development and Youthbuild participants, as defined at 24 CFR Part 75 (“**Section 3 Regulations**”).
- II. The Parties agree to comply with applicable HUD and Section 3 regulations. As evidenced by their execution of this Contract, the Parties certify that they are under no contractual or other impediment that would prevent them from complying with the Section 3 Regulations.
- III. The Contractor agrees to send to each labor organization or representative or workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers’ representative of the contractor’s commitments under this Section 3 clause and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth the following: (i) minimum number and job titles subject to hire, (ii) availability of apprenticeship and training positions, (iii) qualifications for each, (iv) name and location of the person(s) taking applications for each of the positions, and (v) the anticipated date the work shall begin.
- IV. The Contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in Section 3 Regulations and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in Section 3 Regulations. The Contractor will not subcontract with any subcontractor where the Contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in Section 3 Regulations.
- V. The Contractor will certify that any vacant employment positions, including training positions, that are filled (i) after a contractor is selected but before the contract is executed, and (ii) with persons other than those to whom the regulations of Section 3 Regulations require employment opportunities to be directed, were not filled to circumvent the Contractor’s obligations under Section 3 Regulations.
- VI. Noncompliance with HUD’s regulations in Section 3 Regulations may result in sanctions, termination of this Contract for default, and debarment or suspension from future HUD assisted contracts.

Section 3 Businesses (as defined by Section 3 Regulations) are encouraged to respond to this proposal. The contractor agrees to contact Lee County, if new hires or subcontractors are required and document results of the contact.

## **BENCHMARKS & REPORTING**

Benchmarks: When triggered, best efforts must be made to extend Section 3 opportunities to verified Section 3 workers and business concerns to meet these minimum numeric goals:

- ii. Twenty-five percent (25%) of the total hours on a Section 3 project must be worked by Section 3 workers; and
- iii. Five percent (5%) of the total hours on a Section 3 project must be worked by Targeted Section 3 workers.

Reporting: If the contractor’s reporting indicates that the contractor has not met the Section 3 benchmarks described in *24 CFR § 75.23*, pursuant to *24 CFR § 75.25(b)*, the contractor must report in a form prescribed by HUD on the qualitative nature of its activities and those its subcontractors pursued.

Contractor will comply with any Section 3 Project Implementation Plan documents provided by HUD or the Lee County which may be amended from time to time for HUD reporting purposes. If the contractor does not meet the Section 3 benchmarks, the contractor is required to demonstrate that they have made qualitative efforts to assist low- and very-low-income persons with employment opportunities.

**Section 3 Worker and Targeted Section 3 Worker  
Self-Certification Form**

The purpose of Lee County’s Section 3 program is to provide employment, training, and contracting opportunities to low-income individuals, particularly those who are recipients of government assistance for housing or other public assistance programs. **Your response is voluntary, confidential, and has no effect on your employment.**

A Section 3 worker seeking certification shall self-certify and submit this form to the recipient contractor or subcontractor, that the person is a Section 3 worker or Targeted Section 3 Worker as defined in 24 CFR Part 75 or submit via email to Section3@leegov.com.

**Getting certified as a Section 3 Worker or Targeted Worker does NOT guarantee employment.**

**Instructions:** Enter/select the appropriate information to confirm your Section 3 worker or Targeted Section 3 Worker status.

Employee Name: \_\_\_\_\_

- 1. Are you a resident of public housing or a Housing Choice Voucher Holder (Section 8)? YES NO
- 2. Are you a YouthBuilt Participant? YES NO
- 3. Are you a resident of Lee County? YES NO
- 4. Annual Income: \$\_\_\_\_\_ Number of People in Your Household: \_\_\_\_\_

**Select from ONE of the following two options below:**

**I qualify as a:**

- Section 3 Worker (as defined on page 4 of Section 3 Worker Certification Form)
- Targeted Section 3 Worker (as defined on pages 4-5 of Section 3 Worker Certification Form)

**Employee Affirmation (if applicable)**

I affirm that the above statements are true, complete, and correct to the best of my knowledge and belief. I hereby certify, under penalty of law, that the following information is correct to the best of my knowledge.

Employee Address: \_\_\_\_\_

Print Name: \_\_\_\_\_ Date Hired: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**FOR ADMINISTRATIVE USE ONLY**

- Is the employee a Section 3 worker based upon their self-certification? YES NO
- Is the employee a Targeted Section 3 worker based upon their self-certification? YES NO
- Was this an applicant who was hired as a result of the Section 3 project? YES NO
- If yes, what is the name of the company? \_\_\_\_\_
- What was the date of hire? \_\_\_\_\_

**EMPLOYERS MUST RETAIN THIS FORM IN THEIR SECTION 3 COMPLIANCE FILE FOR FIVE YEARS.**

## Section 3 Business Concern Certification Form

Lee County is seeking to extend the benefits of and promote compliance with Section 3 by identifying Business Concerns for Lee County business opportunities and educational programs. To comply with Section 3 requirements, Lee County has instituted a Section 3 Self Certification process for businesses. Applicants seeking Section 3 Business Certification must complete this form and submit via email to Section3@leegov.com.

**Getting certified as a Section 3 Business Concern does NOT guarantee employment.**

**Instructions:** Enter the following information and select the criteria that applies to certify your business' Section 3 Business Concern status.

### Business Information

Name of Business: \_\_\_\_\_

Address of Business: \_\_\_\_\_

Name of Business Owner: \_\_\_\_\_

Phone Number of Business Owner: \_\_\_\_\_

Email Address of Business Owner: \_\_\_\_\_

### Preferred Contact Information

Same as above

Name of Preferred Contact: \_\_\_\_\_

Phone Number of Preferred Contact: \_\_\_\_\_

### Type of Business (select from the following options):

Corporation

Partnership

Sole Proprietorship

Joint Venture

### Select from **ONE** of the following three options below that applies:

At least 51 percent of the business is owned and controlled by low- or very low-income persons (Please refer to income guidelines below).

At least 51 percent of the business is owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers.

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### Business Concern Affirmation

I affirm that the above statements are true, complete, and correct to the best of my knowledge and belief. I understand that businesses who misrepresent themselves as Section 3 business concerns and report false information to [insert name of recipient/grantee] may have their contracts terminated as default and be barred from ongoing and future considerations for contracting opportunities.

I hereby certify, under penalty of law, that the following information is correct to the best of my knowledge.

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

\*Certification expires within six months of the date of signature

Information regarding Section 3 Business Concerns can be found at [24 CFR 75.5](#)

**FOR ADMINISTRATIVE USE ONLY**

Is the business a Section 3 business concern based upon their certification?  YES  NO  
**EMPLOYERS MUST RETAIN THIS FORM IN THEIR SECTION 3 COMPLIANCE FILE FOR FIVE YEARS.**

**Lee County  
Section 3  
FY 2024 Income Limits**

**Eligibility Guidelines**

The worker's income must be at or below the amount provided below.

*All residents of public housing developments of the Housing Authority Lee County qualify as Section 3 residents. Additionally, individuals residing in Lee County who meet the income limits set forth below can also qualify for Section 3 status.*

Eligibility Guidelines		
Number in Household	Very Low-Income (50%)	Low Income (80%)
1	\$32,750	\$52,450
2	\$37,450	\$59,950
3	\$42,100	\$67,400
4	\$46,800	\$74,900
5	\$50,550	\$80,900
6	\$54,300	\$86,900
7	\$58,050	\$92,850
8	\$61,800	\$98,850

Section 3 Worker Definition:

- A low or very low-income resident (the worker's income for the previous or annualized calendar year is below the income limit established by HUD); or
- Employed by a Section 3 business concern; or
- A YouthBuild participant.

Targeted Section 3 Worker Definition:

- Employed by a Section 3 business concern or
- Currently meets or when hired met at least one of the following categories as documented within the past five years:
  - A resident of public housing; or
  - A resident of other public housing projects or Section 8-assisted housing; or
  - A YouthBuild participant.

Section 3 Business Concern Definition:

A business that meets at least one of the following categories, within the last six-month period:

- At least 51% owned and controlled by persons that are low-income; or
- At least 51% owned and controlled by current public housing residents; or
- Over 75% of the labor hours performed for the business over the three-month period were performed by Section 3 workers



# LOOKING FOR WORK?

We may be able to help!



## GETTING QUALIFIED AS A SECTION 3 RESIDENT OR BUSINESS MAY HELP

### IF YOU ARE A ✓

- Resident of public housing
- Income-qualified according to HUD regulations
- Business that is owned, employs or subcontracts with Section 3 businesses

You may qualify as a Section 3 Resident or Business

**SECTION 3 OF THE HOUSING AND DEVELOPMENT ACT PROVIDES PREFERENCE TO HIRING AND CONTRACTING WITH ELIGIBLE RESIDENTS AND BUSINESSES OF THE LOCAL COMMUNITY FOR HUD-FUNDED CONSTRUCTION PROJECTS**

**CONTACT LEE COUNTY TO SEE IF YOU QUALIFY**

- > 239-533-2315
- > [recovery@leegov.com](mailto:recovery@leegov.com)