

## Which City of Houston Housing and Community Development Department contracts are subject to Section 3 requirements?

Contracts and/or subcontracts for certain HUD financial assistance related to housing construction, rehabilitation, or other public construction valued at or above \$100,000.00 require Section 3 compliance.

## What are the Federal Requirements for Contractors' awarded a Section 3 contract?

The General Contractor and all subcontractors are subject to comply with Section 3 requirements as outlined in the Section 3 Clause of each contract, and the implementation of the regulations as outlined in 24 CFR part 135. The contractor and subcontractors agree to the greatest extent feasible, to meet or exceed the following numerical goal:

- 10% of the construction budget must be directed to Section 3 Business Concerns; and
- 3% of the non-construction budget must be directed to Section 3 Business Concerns; and
- 30% of all "new" employment opportunities must be directed to Section 3 Workers.

Section 3 Business  
Concern applicants  
apply here:

<https://hcdsection3.gob2g.com/>

Section 3 Workers  
applicants apply here:



2100 Travis St. 9th floor  
Houston, TX 77002

**832-394-6200**

[www.houstontx.gov/housing](http://www.houstontx.gov/housing)



@HoustonHCDD



# SECTION 3 GUIDE





## SECTION 3 OVERVIEW

The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain Department of Housing and Urban Development (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.

## SECTION 3 BENEFITS

- Contracting, employment and training opportunities generated for low and very low-income persons and businesses that employ such individuals.
- Helps businesses and residents foster relationships on community development projects.
- Provides preference to certified business concerns and residents when opportunities arise.

## SECTION 3 ECONOMIC OPPORTUNITIES

The Section 3 program supports businesses that provide economic opportunities to low income persons, particularly those who are recipients of government housing assistance.

These opportunities also allow for employment and job training to enhance individual marketable skills and help gain valuable hands on experiences for success.

### EMPLOYMENT AND CONTRACTING OPPORTUNITIES

Accounting/Bookkeeping	Janitorial
Administrative	Laborer
Appliance Repair	Landscaping
Apprentice	Legal
Architecture	Machine Operation
Asbestos Abatement	Manufacturing
Cabling / Wiring	Marketing
Carpentry	Masonry
Catering	OSHA 10/30
Commercial Driver License (CDL)	Painting
Cement/Masonry	Payroll Services
Clerical	Pest Control
Consultant	Photography
Contract / Compliance Management	Plastering
Construction	Plumbing
Customer Service/Sales	Printing
Demolition	Project Management
Drywall	Real Estate
Education	Renovation
Electrical	Roofing
Elevator Construction	Scheduling
Engineering	Security
Fencing	Site Preparation
Florists	Staffing
Foreman	Supply Chain Management
Framing	Surveying
General Contractor	Telecommunications
Health / Medical Services	Tile Setting
Human Resources	Transportation
HVAC	Trucker/Trucking Services
Information Technology	Underground Utilities
Inspection Services	Utilities
Insurance	Warehouse Management
Interior Design	Waste Management
Inventory	Other: _____

## DEFINITIONS

### SECTION 3 BUSINESS CONCERN

A Section 3 Business Concern is a business that provides evidence to qualify under one of the following HUD Regulations categories:

#### Category 1

51% owned and controlled by low-income person(s); or

#### Category 2

75% of business labor hours are performed by low-income persons; or

#### Category 3

51% owned and controlled by current public housing residents or residents who currently live in Section 8 assisted housing.

### SECTION 3 WORKER

A Section 3 Worker is any individual who currently fits, or when hired within the past five (5) years fits, at least one of the following categories:

1. The worker's income for the previous or current calendar year is below HUD income limits; or
2. The worker is employed by a Section 3 Business Concern; or
3. The worker is a YouthBuild participant.

### SECTION 3 TARGETED WORKER

A Section 3 Targeted Worker for Housing and Community Development Financial Assistance projects, is a Section 3 worker who is:

1. Employed by a Section 3 Business Concern; or
2. Currently fits or when hired within the past five (5) years fits, one of the following criteria:
  - i. Living with the service area or the neighborhood or the project; and
  - ii. A YouthBuild participant.