



# Section 3 Guidelines for HOC Contractors

## SECTION 3 – Establishment

- Established by Congress under Section 3 of the U.S. Housing and Urban Development (HUD) Act of 1968, as amended (12 U.S.C. 1701u).
- Designed to guarantee that employment and other economic opportunities created by HUD financial assistance for housing and community development programs are directed toward low- and very-low income persons, particularly those who are recipients of government assistance for housing.
- The federal Section 3 regulations are defined in the Code of Federal Regulations (CFR) at 24 CFR, Part 135.

## SECTION 3 – Goals

- Through the Section 3 program, HOC seeks to foster:
  - local economic development,
  - neighborhood economic improvement, and
  - individual self-sufficiency.
- The ultimate goal of HOC’s Section 3 program is to:
  - Connect HOC residents to jobs and training,
  - Connect other low-income individuals in the Washington, DC metropolitan area to jobs and training, and
  - Award contracts to businesses that share HOC’s commitment to continually bettering the community.

## SECTION 3 – Applicability

- All **HUD-funded** contracts, including memoranda of understanding, for the provision of services to HOC.
  - Cooperative purchasing agreements;
  - Contracts for professional services (e.g. Audit and accounting, brokerage, architecture, and legal);
  - Maintenance, repairs, labor, landscaping, modernization projects, construction;
  - Employee training; and/or
  - HOC resident education and services.
- Does not apply to contractors who **only** furnish materials or supplies.

## SECTION 3 – Key Terms

- Section 3 Residents:
  - Residents of Public Housing and Indian Housing;  
or
  - Individuals that reside in the metropolitan area or non-metropolitan county in which the Section 3 covered assistance is expended, and whose income does not exceed the local income criteria of low- or very low-income.

## SECTION 3 – Key Terms

- **Section 3 Business Concerns:**
  - Businesses that are 51% or more owned by Section 3 Residents.
  - Businesses whose permanent, full-time employees include persons, at least 30 percent of whom are currently Section 3 Residents, or within three years of the date of first employment, were Section 3 Residents.
  - Businesses that provide evidence of a commitment to subcontract 25 percent of the dollar amount of all subcontracts to be awarded to businesses that meet the qualifications above.

## SECTION 3 – Compliance

- **1: Direct Hiring**
  - Directly employ and/or train Section 3 Residents, to the greatest extent feasible, for 30% of all new hires related to the contract.
- **2: Subcontracting**
  - Subcontract work under this contract to Section 3 Business Concerns.
    - Building trades work for maintenance, repair, modernization, or development of public housing = 10% of the total dollar amount of the contract.
    - All other non-construction contracts = 3% of the total dollar amount of the contract.

## SECTION 3 – Compliance

- **3: Other Economic Opportunities**
  - Only an option if Direct Hiring and Subcontracting prove **impossible**, after using reasonable efforts to achieve them.
- **Possibilities for Other Economic Opportunities:**
  - Contribute to HOC’s Section 3 Fund;
  - Hire Section 3 Residents for part-time positions;
  - Purchase materials and supplies from HOC resident-owned businesses;
  - Hire Section 3 Residents in management and maintenance positions for other housing developments;
  - Hire Section 3 Residents or subcontract to Section 3 Business Concerns in circumstances unrelated to any HOC Section 3 Covered Contract; and/or
  - Provide mentorship and/or training opportunities to Section 3 Residents.



# Questions?

Housing Programs Coordinator

Mofoluso Odunuga

[Mofoluso.odunuga@hocmc.org](mailto:Mofoluso.odunuga@hocmc.org)

240-528-4855