



SECTION 3 BUSINESS CONCERNS Application Checklist

Mandatory documents from all applicants:

- Signed and Notarized Affidavit;
- Bank Account Verification Letter;
- Federal Tax Return filed by Business (Last Year);
- Sam.gov search results on Business name, Owner(s) names and Employer Identification Number (EIN);
- W9 Form OR Copy of the Company's Employer Identification Number (EIN) from the IRS;
- Resume for all Owners;
- Proof of payment to Business for services rendered in the area(s) in which you seek certification;
- Three (3) Business Performance Reference Letters on Company Letterhead; and
- Assumed Name Certificate OR Certificate of Incorporation OR Certificate of Filing.

Additional requirements based on qualification statement in application:

Category (1)

If 51% ownership of the business is held by a Section 3 Resident(s) or can be certified as Section 3 Resident(s) based on current published HUD Income guidelines, provide the following:

- Personal Income Tax Return for the Previous Year; AND
- Completed Section 3 Resident(s) Application.

Category (2)

If 30% of the business' full-time employees are Section 3 Resident(s) OR can be certified as Section 3 Resident(s) OR were Section 3 Resident(s) within three (3) years of the date of first hire, please provide the following:

- List of all Current Full-Time Employees; AND
- List of Eligible Section 3 employees with Completed Section 3 Resident Applications.

Category (3)

If the Principle Owner(s) can provide evidence of a commitment to subcontract in excess of 25% of the dollar award of all subcontracts to business concerns that meet Category 1 OR Category 2, please provide the following:

- List of Successful Contracts awarded; AND
- Evidence of previous or current award of 25% of a contract to a Section 3 Business concern as outlined in Categories 1 or 2 (E.g. executed contract, Section 3 Business Concern certificate, Section 3 Business Concern approval letter, etc.); AND
- Notarized Letter of Commitment Pledge.



SECTION 3 BUSINESS CONCERNS FAQ'S

Section 3 is a provision of the Housing and Urban Development Act of 1968 which ensures that employment and other economic opportunities generated by certain HUD financial assistance, shall, to the greatest extent feasible, be directed to low and very low-income persons.

The City of Houston Housing and Community Development Department (HCDD) is committed to promoting employment, contracting, and training opportunities to low and very-low income individuals and to business concerns who employ such individuals.

WHAT IS A SECTION 3 BUSINESS CONCERN?

A Section 3 Business Concern is a business which meets one of the following HUD Regulations criteria:

1. 51% ownership of the business is held by a Section 3 Resident or can be certified as a Section 3 Resident based on current published HUD Income guidelines; OR
2. 30% of the business' full-time employees are Section 3 Residents or can be certified as Section 3 Residents or were Section 3 Residents within three (3) years of the date of first hire; OR
3. Provide evidence of a commitment to subcontract in excess of 25% of the dollar award of all subcontracts to business concerns that meet the qualifications set forth in paragraphs (1) or (2) above.

If your business meets one of the criteria outlined above, please apply as a Section 3 Business Concern here:

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

If you have questions or need help with completing the application, please contact our office at HCDSection3@houstontx.gov or by phone at 832-394-6200

HOW DO I VERIFY IF MY COMPANY QUALIFIES AS A SECTION 3 BUSINESS CONCERN WITH 30% OR MORE OF THE FULL-TIME PERMANENT WORKFORCE QUALIFIES AS LOW-INCOME?

You should verify the income of your permanent full-time workforce through HUD's income guidelines, located at the following web link:

<https://www.huduser.gov/portal/datasets/il.html>

WHICH CITY OF HOUSTON HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT (HCDD) CONTRACTS ARE SUBJECT TO SECTION 3 REQUIREMENTS?

All contracts and/or subcontracts for housing construction, rehabilitation, or other public construction valued at or above \$100,000.00 require Section 3 compliance.

WHAT ARE THE FEDERAL REQUIREMENTS FROM BUSINESSES AWARDED A SECTION 3 COVERED CONTRACT?

1. 10% of the construction budget must be directed to Section 3 Business Concerns; and
2. 3% of the non-construction budget must be directed to Section 3 Business Concerns; and
3. 30% of all "new" employment opportunities must be directed to Section 3 Residents.