

## Which City of Houston Housing and Community Development Department 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 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 Residents.

## Section 3 Business Concern applicants apply here:

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

## Section 3 Residents applicants apply here:

[hcdsection3@houstontx.gov](mailto:hcdsection3@houstontx.gov)

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

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Section 3 is a program implemented by HUD to ensure to the greatest extent feasible that employment and economic opportunities generated by HUD financial assistance will 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. (24 CFR 135.1)

## SECTION 3 BENEFITS

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- 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

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There are many different kinds of jobs and training opportunities available through Section 3. They include but are not limited to: plumbing, carpentry, masonry, electrical, roofing, demolition, drywall, bricklaying, landscaping, marketing, purchasing, accounting and bookkeeping, janitorial, photography, surveying, and engineering just to name a few.

There are also job and training opportunities for positions in management, maintenance, and supportive staff services.

## DEFINITIONS SECTION 3 BUSINESS CONCERN

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

### Category 1

51% ownership of business is held by a Section 3 Resident; or

### Category 2

30% of the business' full-time employees are Section 3 Residents or can be certified as Section 3 Resident; or

### Category 3

Notarized pledge commitment letter to subcontract in excess of 25% of any contract awarded to a Section 3 Business Concern outlined Categories 1 & 2.

## SECTION 3 RESIDENT

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A Section 3 Resident is an individual who fits into one of the following categories:

1. A public housing resident and/or participant in a federal, state, or local public assistance program (E.g. TANF, SNAP, Section 8 Lease Agreement, Youthbuild, etc.)
2. Individuals with a current household income of zero; and
3. Low-income individuals with incomes that do not exceed 80% of the HUD Median Income Limit who reside in the Houston Metropolitan and Non-Metropolitan areas where Section 3 covered assistance is expended.