



# HUD SECTION 3

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WHAT IS SECTION 3?

- Section 3 is a provision of the Housing and Urban Development Act of 1968 in which communities are expanded through the form of grants, loans and other forms of financial assistance by HUD.
- It is intended to ensure that when opportunities are generated because a project utilizes HUD funds employment opportunities preference low- and very low-income persons or business concerns residing in the community where the project is located.



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WHAT IS A SECTION 3 RESIDENT

- An Employee that is...
  - a public housing resident
  - A low- or very low- income person residing in the metropolitan area or non-metropolitan county in which the Section 3 covered assistance is expended.
  - Receives public assistance such as
    - Medicaid
    - WIC
    - Food Stamps
    - Temporary Assistance for Needy Families



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### WHAT IS A SECTION 3 BUSINESS CONCERN

- 51% or more owned by a Section 3 Resident
- At least 30% of its full time employees include persons that are currently Section 3 Residents, or within 3 years of first date of employment with the business concern was a Section 3 resident
- Provides evidence, as required, of a commitment to subcontract 25% of the dollar award of the subcontract to be awarded to other business concerns that meet the criteria above.



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### DEFINITIONS

- Metropolitan Area – means a metropolitan statistical area (MSA), as established by the Office of Management and Budget.
  - Tuscaloosa County is the MSA for this project
- New Hire – a full time employee for a new permanent, temporary or seasonal position that is created during the Section 3 covered project.
- Covered Project – the construction or rehabilitation of housing or other public construction
- Covered Recipient – any entity which receives Section 3 covered assistance, directly from HUD or form another recipient



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## SECTION 3 INSTRUCTIONS FOR EMPLOYEES & BUSINESSES

The Owner of this project is an award recipient of HOME funds from AHFA and must comply with HUD's Section 3. The purpose of Section 3 is to ensure that employment opportunities are provided for low-income people.

HUD regulation states that "to the greatest extent feasible," businesses and employers working on HUD-funded projects must make a good faith effort to train and employ low income individuals in the area (called "Section 3 residents") and also to contract with other businesses that employ Section 3 residents.

The following information will help to determine if you have an employee that meets the criteria.

### Determining Section 3 Resident Employee Eligibility (Complete Exhibit A)

- An employee must reside in Tuscaloosa County and/or meet (1) one of the following criteria:
  1. Meet the Low Income levels as indicated in the table below
  2. Reside in a Public Housing development.
  3. Receive Public Assistance (such as WIC, Medicaid, Food Stamps or Temporary Assistance to Needy Families)

### Determining Section 3 Employee Eligibility (Complete Exhibit A)

- An employee must meet one or more of the following criteria:
  1. Meet the Low Income levels as indicated in the table below
  2. Reside in a Public Housing development.
  3. Receive Public Assistance (such as WIC, Medicaid, Food Stamps or Temporary Assistance to Needy Families)

For an employee to be considered as a "New Hire" they must have been hired after May 4, 2011.

Family Size	Income Limits (Annually)	Income Limits (Monthly)	Income Limits (Weekly)
1 Person	\$ 31,200	\$ 2,600	\$ 600
2 Person	\$ 35,650	\$ 2,970	\$ 685
3 Person	\$ 40,100	\$ 3,341	\$ 771
4 Person	\$ 44,550	\$ 3,712	\$ 856
5 Person	\$ 48,150	\$ 4,012	\$ 925
6 Person	\$ 51,700	\$ 4,308	\$ 994
7 Person	\$ 55,250	\$ 4,604	\$1,062
8 Person	\$ 58,850	\$ 4,904	\$1,131

### **Determining Section 3 Business Eligibility (Complete Exhibit B)**

1. Have at least 30% of their permanent, full time employees which meet the criteria as a Section 3 Resident or Section 3 Employee or within three years of the date of first employment with the business concern were Section 3 residents
2. At least 51% or more owned by a Section 3 resident.
3. The business provides evidence of a commitment to subcontract in excess of 25% of the dollar award of all subcontracts to be awarded to a Section 3 business concern as defined in 1 and 2 of this section.

### **Reporting**

- Completing the Employee Section 3 Certification Form (Exhibit A)
  1. COPY and COMPLETE the attached form for each eligible employee
  2. ATTACH a copy of a driver's license showing proof of current residency is required.
  3. Supplemental Evidence Documenting Status; i.e. copy of lease for the public housing in which the employee currently resides, a copy of a receipt for public assistance or evidence of participation in a public assistance program.
  4. Have EMPLOYEE SIGN and print their name and date the form.
- Completing the Business Section 3 Certification Form (Exhibit B)
  1. COMPLETE the attached form for Business Concerns Seeking Section 3 Eligibility
  2. ATTACH a copy of documentation evidencing your status as either (A) a Section 3 resident-owned enterprise or (B) applicable business entity or (C) Section 3 status by subcontracting 25% of the dollar award to qualified Section 3 business. *If claiming "C" then subcontracted party will need to complete the same attachments for their business and/or employees.*
  3. ATTACH evidence of eligibility
  4. OWNER to Print and Sign bottom of the form. Have someone attest the signature and be sure to include your corporate seal.

Reporting forms should be submitted to:

Alice Kirkland  
c/o Bob Morrow Construction  
P O Box 21151  
Tuscaloosa, AL 35402