



## SECTION 3

### SECTION 3 REQUIREMENTS FOR CONTRACTORS (CONSTRUCTION AND NON-CONSTRUCTION)

Section 3 is part of the U.S. Housing and Urban Development Act of 1968 with the purpose of ensuring employment, training, contracting and other economic development opportunities for low-income to very low-income persons when federal dollars are expended. Federal law requires that “to the greatest extent feasible” at least 10% of the total dollar amount of all construction contracts and 3% non-construction contracts be awarded to certified Section 3 businesses. Section 3 requirements apply to all contract awards for public housing authorities, other than contracts for materials and supplies.

HUD considers public housing authorities to be in compliance with Section 3 if they, their contractors and subcontractors (for contracts other than for materials and supplies) meet the following minimum numerical goals for hiring and subcontracting:

#### A. Hiring Requirements

- 30% of the aggregate number of any new hires for purposes of fulfilling any covered contract with ESLHA shall be Section 3 qualified individuals; and

#### B. Subcontracting Requirements

- Construction-type contracts: 10% of the total dollar amount of all covered contract with ESLHA shall be Section 3 qualified business concerns.; and
- 2. Non-construction contracts: 3% of the total dollar amount of all covered non-construction contracts shall be awarded to Section 3 business concerns.

#### C. If A. and B. Are Demonstrably Not Feasible

- If a contractor or subcontractor can demonstrate with respect to any contract subject to Section 3 it has no need or plan to subcontract or hire, or that it has attempted, to the maximum extent feasible, to meet Section 3 hiring and subcontracting goals, but has been unable to meet those goals, the contractor may substitute other economic opportunities. Often provision of such opportunities consists of:
  - Contractor providing training or economic opportunity to assist residents in establishing, stabilizing and/or expanding a resident-owned business
  - Contractor contribute to an ESLHA Training Scholarship Fund.