



What is Section 3? Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968 that helps foster local economic development, neighborhood economic improvement and individual self-sufficiency. Section 3 is to ensure that economic opportunities generated by certain HUD funded projects shall, to the greatest extent feasible, and consistent with existing Federal and State laws, be directed to low and very low income persons (particularly those receiving assistance for housing), and to the businesses that provide economic opportunities to these persons.

What are the Thresholds for Section 3? There are no thresholds for Public and Indian Housing assistance. Section 3 applied to all activities (development, operation and modernization) regardless of the dollar amount. The requirements also apply to contractors regardless of the dollar amount of the contract.

When do Section 3 requirements apply to a project/activity? Section 3 requirements apply to the entire project or activity regardless if the project is fully or partially funded with covered financial assistance.

What Section 3 is NOT...

- A Racial Quota Program
- An Entitlement for Eligible Individuals and Businesses
- Only applicable to Public Housing Agencies
- Optional – IT'S THE LAW!

What is a Section 3 Business...

- Owned 51% or more by Section 3 Residents
OR
- Employs 30% or more Section 3 Residents as full time, permanent staff.
OR
- Provide evidence of a commitment to subcontract to another Section 3 business, 25% or more of the dollar amount of the awarded contract.

What programs are covered under Section 3? Section 3 applies to HUD funded and Public and Indian Housing assistance for development, operating and modernization expenditures. Section 3 also applied to certain HUD-funded Housing and Community Development projects that complete housing rehabilitation, housing construction, and other public housing.

What types of economic opportunities are available under Section 3? Job Training, Employment and Contracts opportunities are available.

Who will award the economic opportunities? Recipients of HUD financial assistance will award the economic opportunities. They and their contractors and subcontractors are required to provide, to the greatest extent feasible, economic opportunities consistent with existing Federal, State and local laws and regulations.

Will HUD require compliance? YES. HUD monitors the performance of contractors, reviews annual reports from recipients and investigates complaints. HUD also examines employment and contract records for evidence that recipients are training and employing Section 3 residents and awarding contracts to Section 3 businesses.



Section 3 Business Preference

Preference in the award of Section 3 covered contracts that are awarded under a sealed process may be provided as follows:

Bids shall be solicited from all business, Section 3 business concerns (MDPHA's Section 3 Certified Business and non-Section 3 business concerns).

If no responsive bid received by a Section 3 business concern the contract shall be awarded to a responsible bidder with the lowest responsive bid.

If bids received include bidders that are Section 3 business concern, the contract award shall be made to the qualified Section 3 business concern with the highest priority ranking(*) and with the lowest responsive bid, provided the bid is:

Within the maximum total contract price established for the specific project for which bids are taken AND Not more than "X" higher than the total bid price of the lowest responsive bid from any responsible bidder. "X" is determined as:

Bid Amount	X = Lesser of:
When the lowest responsive bid is less than \$100,000	10% of that bid, or \$9,000
When the lowest responsive bid is:	
At least \$100,000, but less than \$200,000	9% of that bid, or \$16,000
At least \$200,000, but less than \$300,000	8% of that bid, or \$21,000
At least \$300,000, but less than \$400,000	7% of that bid, or \$24,000
At least \$400,000, but less than \$500,000	6% of that bid, or \$25,000
At least \$500,000, but less than \$1 million	5% of that bid, or \$40,000
At least \$1 million, but less than \$2 million	4% of that bid, or \$60,000
At least \$2 million, but less than \$4 million	3% of that bid, or \$80,000
At least \$4 million, but less than \$7 million	2% of that bid, or \$105,000
\$7 million or more	1 ½ % of lowest responsive bid with no dollar limit

(*) Section 3 certified business priority rankings (PR):

PR#1 (highest) = 51% or more owned by, or 30% of permanent-full time work force is composed of, MDPHA public housing residents of the site where work it to take place.

PR#2 = 51% or more owned by, or 30% of permanent-full time work force is composed of, residents of any other MDPHA public housing site.

PR#3 = Business owners who are participants in Miami-Dade County's HUD Youthbuild Program.

PR#4 = 51% or more owned by, or no less than 30% of permanent-full time work force is composed of, residents of federally assisted housing (Section 8, Section 202, HOME, etc.).

PR#5 = 51% or more owned by, or no less than 30% of permanent-full time work force is composed of, low or very low income persons who reside in Miami-Dade County.

