



NATIONAL TRAINING CONFERENCE

Key Terms

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Section 3 Key Terms for Training

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FHEO, U.S. Department of Housing and
Urban Development



SECTION 3
of the Housing and Community
Development Act of 1968

KEY TERMS

Applicant: (Recipient Agency)

Any entity which makes an application for section 3 covered assistance, and includes, but is not limited to, any State, unit of local government, public housing agency, Indian housing authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization (CHDO), resident management corporation, resident council, or cooperative association. **Those entities receiving funding DIRECTLY from HUD**

Business Concern:

A business entity formed in accordance with State law, and which is licensed under State, county or municipal law to engage in the type of business activity for which it was formed.

Contractor:

Any entity which contracts to perform work generated by the expenditure of section 3 covered assistance, or for work in connection with a section 3 covered project. **Those entities receiving funding DIRECTLY from a direct recipient**



KEY TERMS

Section 3 covered activity:

Any activity which is funded by section 3 covered assistance public and Indian housing assistance.

Section 3 covered contract:

A contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of section 3 covered assistance, or for work arising in connection with a section 3 covered project. For example, a contract for the purchase and installation of a furnace would be a section 3 covered contract because the contract is for work (i.e., the installation of the furnace) and thus is covered by section 3

Section 3 covered project:

The construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance



KEY TERMS

Service area:

The geographical area in which the persons benefiting from the section 3 covered project reside. The service area shall not extend beyond the unit of general local government in which the section 3 covered assistance is expended. In HUD's Indian housing programs, the service area, for IHAs established by an Indian tribe as a result of the exercise of the tribe's sovereign power, is limited to the area of tribal jurisdiction.

Subcontractor:

Any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of section 3 covered assistance, or arising in connection with a section 3 covered project.



Definition Intended Beneficiaries

KEY TERMS

Section 3 Resident:

1. A public housing resident, or
2. A low- or very-low income person in the metropolitan area or non-metropolitan county

Low-income - 80% median area income. Very low-income 50% median area income

24 CFR §135.5



Section 3 Business:

1. A business that is 51% or more owned by Section 3 residents;
2. A business with a staff comprised of 30% or more of Section 3 residents within a three (3) year period; or
3. A business that commits to subcontract 25 % or more of total contract award to those who meet qualifications under items one (1) and two (2) of this section.

24 CFR §135.5



Texas MSA Income Limits*

KEY TERMS

Very Low

1 person - \$ 27,050

2 person - \$ 30,900

3 person - \$ 34,750

4 person - \$ 38,600

5 person - \$ 41,700

6 person - \$ 44,800

Low

1 person - \$ 43,250

2 person - \$ 49,400

3 person - \$ 55,600

4 person - \$ 61,750

5 person - \$ 66,700

6 person - \$ 71,650

*FY 22018

