



US Department of Housing
and Urban Development

National Training CONFERENCE 2018

June 18 - 20th

SECTION **3**
of the Housing and Urban
Development Act of 1968



HUD ACT
of 1968



50 Years of Promoting
Economic Opportunity

Purpose and Overview: Section 3 Section 3 Covered Programs

**Day 1
June 18, 2018**

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Applicability to Public Housing Funding

- Development: activities associated with construction or rehabilitation
- Operations: activities associated with the day-to-day operation of a PHA typically paid from the PIH Operating Subsidy.
- Maintenance: activities associated with maintaining existing facilities

§135.3(a)(1)

Coverage of a PIH Operating Subsidy

- All internal hiring at the PHA up to and including the Executive Director position is covered by Section 3
- All contracts for services are covered by Section 3
 - IT service consulting contracts
 - CPA audit contracts
 - HVAC repairs and maintenance
 - Outside legal counsel
 - Security services
 - Management consulting

Section 3 Thresholds

Thresholds amount of funding necessary to trigger Section 3 requirements.

- There are no \$ thresholds for Public Housing Programs. All activity, regardless of size, is covered.
- The threshold is Housing and Community Development Funding (non PIH): applies to construction and rehabilitation related activity only;
- Thresholds: \$200K per recipient during a 12-month reporting period; not per project.

§ 135.3(a)(3)

Applicability to Housing and Community Development Assistance

- Housing and Community Development Funding (non PIH): applies to construction and rehabilitation related activity only;
- Thresholds:
 - \$200K per recipient during a 12-month reporting period; not per project.
 - \$100K contractor threshold if recipient threshold is met.

§ 135.3(a)(3)

Applicability to Mixed Financed Projects

- Applies to HUD financed activity, fully or partially funded

§135.3(b)

- Examples:
 - a low-income housing tax credit project financed in part with CDBG or HOME funding
 - A Rental Assistance Demonstration (RAD) project with an investment of HOME funding

HUD Programs Covered by Section 3

- PIH Capital Fund Program (CFP)
- PIH Operating Subsidy
- Rental Assistance Demonstration (RAD)
- Choice Neighborhoods Grants (formerly HOPE VI)
- Community Development Block Grants (CDBG)
- HOME Investment Partnership Grants
- Emergency Shelter Grants
- Disaster Recovery Grants
- Section 202/811
- Lead Abatement Grants
- Certain NOFA Competitive Grants
- Self Help Ownership Program (SHOP)

HUD Programs NOT Covered by Section 3

- Section 8 Tenant Based Vouchers (TBV)
- Section 8 Tenant Based Rental Assistance (TBRA)
- Choice Neighborhood Planning Grants
- HUD Mortgage Insurance Programs
 - Section 221(d)4
 - Section 223(f)
 - Section 232
 - Section 542(b)
- HCD Programs without construction or rehabilitation
- Housing counseling

Rental Assistance Demonstration Program (RAD)

Allows PHAs and owners of other HUD-assisted properties to convert units from their original sources of HUD financing to project-based Section 8 contracts.

Converted properties can secure private financing to address deferred maintenance

All RAD projects that incorporate construction related activity in the initial phase of conversion are covered by Section 3

Notice PIH-2012-32(HA), Rev-2 pg. 35



Questions?

