

FACT SHEET #15

RAD and Resident Employment (Section 3)



Any construction work completed through RAD is subject to “Section 3” which prioritizes providing jobs for residents and awarding contracts to businesses who employ individuals receiving certain types of HUD financial assistance.



Will Residents Get to Work on the Repairs to Our Buildings?

As part of the Rental Assistance Demonstration (RAD) conversion process, the development team doing rehabilitation and construction work on your building **is required to prioritize training and job opportunities for residents**, for both temporary construction jobs and permanent positions. This requirement is often referred to as Section 3.



What Is Section 3?

Section 3 refers to Section 3 of the Housing and Urban Development Act of 1968, which created the requirement that projects paid for with certain federal funds prioritize training, employment, and contracting opportunities for people living in federally assisted housing (like public housing or project-based Section 8 housing) or receiving voucher assistance, other low- and very-low-income people, and businesses that are owned by or employ low- and very-low-income people.

Residents included under Section 3, who must receive priority for training and job opportunities include:

- Residents of the housing development where funding is being used
- Residents of other housing developments managed by the public housing authority (PHA)
- Residents of public housing or Section 8 assisted housing
- Participants in YouthBuild programs (which train youth to work in construction-related jobs)
- A low-income or very low-income person that lives in the metropolitan area or county where the funding is being spent. (Very Low-income people are defined as part of a household earning up to 50% of the Area Median Income (AMI). Low-income is defined as earning up to 80% of the Area Median Income. To see the AMI for your area, go to: <https://www.huduser.gov/portal/datasets/il.html>. You will select the year, “Access Individual Income Limits Areas”, and then choose your state and county).

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Businesses covered under Section 3, that must receive priority for contracting opportunities, are those that meet **at least one** of the following criteria:

- The business is at least 51% owned by low- or very-low-income people, such as residents of public housing or Section 8 assisted housing; or
- Over 75% of the labor hours worked for the business are by low- or very-low-income people.



How Will I Know About Training and Job Opportunities?

The development team that will be doing rehabilitation and/or construction work at your building must include **a plan for training and hiring residents** as part of its proposal to the PHA. The property manager at your building is required to notify residents about all such training and job opportunities. Residents should ask about potential job opportunities at meetings held by the PHA.

