

## **Section 3 Definitions**

### **Section 3 Worker (25% Goal)**

Any worker who currently fits or when hired within the past 5 years (start count of years from new rule start) fit at least one of the following:

1. Low- or very- low income as established by HUD's income limits. Low- and very low-income limits may be obtained from [Income Limits | HUD USER](#), or
2. Is employed by a Section 3 business concern, or
3. Is a YouthBuild participant. YouthBuild is a community-based pre-apprenticeship program administered by the U.S. Department of Labor that provides job training and educational opportunities for at-risk youth ages 16-24 who have previously dropped out of high school.

Pursuant to 24 CFR 75.31, for a worker to qualify as a Section 3 Worker, an employer must maintain one of the following records from the time the worker is certified as meeting the Section 3 worker definition for the five-year period or from time of hire (if hired within the last five year, start count of years from start of new rule):

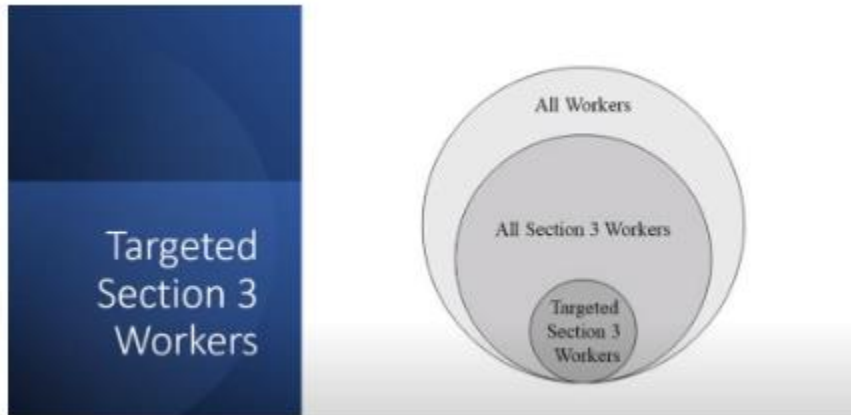
1. A worker's self-certification that their income is below HUD's income limit from the prior calendar year.
2. A worker's self-certification of participation in a means-tested program such as public housing or Section 8=assisted housing
3. Certification from a PHA, or an owner or property manager of a project-based Section8-assiste housing, or an administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs.
4. An employer's certification that a worker's income from that employer is below HUD's income limit when based on an employer's calculation of what the worker's wage rate would translate to if annualized on a full-time basis.
5. An employer's certification that the worker is employed by a Section 3 business concern.

### **Targeted Section 3 Worker (5% Goal)**

A Targeted Section 3 worker is a worker who meets the definition of a Section 3 worker plus one of the following:

1. A worker employed y a Section 3 business concern, or
2. A worker who currently fits or, when hired, fit at least on of the following categories, as documented within the past five years (start years count from new rule start):
  - a. Living within the service area or neighborhood of the project, or
  - b. A YouthBuild participant

In 24 CFR 75.5, the final rule defines the service area or the neighborhood of the project as “an area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.”



- **Initial Section 3 benchmarks:**
  - 25% of total labor hours worked by Section 3 workers
  - 5% of total labor hours worked by Targeted Section 3 workers
- **Safe harbor**
  - Certify met or exceeded the two benchmarks and considered in compliance

### **Section 3 Business Concerns**

A Section 3 Business Concern is defined in 24 CFE 75.5 as a business that meets at least one of the following criteria, documented within the last six-month period:

1. At least 51% owned and controlled by low or very low-income persons, or
2. Over 75% of the labor hours performed for the business over the previous 3-month period are performed by Section 3 workers, or
3. It is at least 51% owned and controlled by current residents of public housing or Section 8-assisted housing.

**If a developer/contractor does not meet the Section 3 Worker benchmarks** but can provide evidence that it has made qualitative efforts to provide low-and very low-income persons with employment and training opportunities then a contractor is considered compliant with Section 3, absent evidence of the contrary (i.e., evidence or findings obtained from a Section 3 compliance review)