NEW HAMPSHIRE HOUSING FINANCE AUTHORITY
INTERIM THRESHOLD REQUIREMENTS TO COMPLY WITH SECTION 3
EFFECTIVE FOR PROJECTS RECEIVING COMMITMENTS
ON OR AFTER AUGUST 1, 1994
VERSION: 10/25/1994

SUMMARY OF SECTION 3

Section 3 imposes goals for the hiring of low-income persons by recipients, their contractors and subcontractors and imposes goals for contract and subcontract awards to business concerns that are owned, controlled by or that employ low-income persons. The objective is to secure the participation of low-income persons and Section 3 business concerns in activities that arise in connection with the assisted project. Section 3 applies where $200,000.00 or more of HOME funds are awarded to a project, which includes construction or rehabilitation activity. Requirements are passed down to contractors and subcontractors who engage in contracts of at least $100,000.00. Section 3 regulations also encourage the provision of other economic opportunities to low-income persons and businesses. Examples of other economic opportunities include: trainee positions, management and maintenance positions within other housing developments, part-time positions, efforts to establish or expand Section 3 business concerns, supply and material purchasing, and facilitation of joint ventures of business concerns. Section 3 also applies to other federal housing and community development programs, recipients of public or Indian housing programs and community development assistance and their contractors shall be required to meet numerical goals higher than 10% for training and employment of Section 3 residents beginning in federal fiscal year 1996.

New Hampshire Housing Finance Authority (the “Authority”) will need to demonstrate how and whether Section 3 goals are met. Therefore documentation of Section 3 resident and Section 3 business concern participation is required.

Outreach, Employment and Section 3 Residents

The objective is to secure jobs for low-income persons that are generated by Section 3 covered project. Section 3 residents must be encouraged to apply for all project-related, full-time positions including: construction related, technical services, administrative, coordination, maintenance, management and other positions. Jobs must be given to Section 3 residents to the greatest extent possible. Compliance with Section 3 is achieved if 10% of the aggregate new hires for each year over the duration of the Section 3 project are provided to Section 3 residents. However, if managing general partner or management agent is affiliated with 500 or more units of Section 3 covered housing assistance within the metropolitan area, higher goals are imposed beginning in federal fiscal year 1996.
Section 3 residents are defined as following in the order of priority. (Highest priority shall be provided to homeless persons residing in the metropolitan area or non-metropolitan area when McKinney funds assist the project.)

1. A member of a very low-income (at or below 50% median area family income as determined by HUD) or low-income (at or below 80% median area family income as determined by HUD) household which resides in the jurisdiction or neighborhood in which the project is located these include:
   a. residents of the Section 3 covered project
   b. residents of public housing or other federally assisted housing
   c. beneficiaries of Section 8 certificate or voucher assistance
   d. other individuals including the unemployed

2. Participants in HUD Youthbuild programs

3. Members of a very low-income or low-income household which residents in the metropolitan area or county in which the project is located.

An individual seeking preference for training and employment under Section 3 shall certify or submit evidence to the recipient, contractor or subcontractor (as requested) that the person is a Section 3 resident.

Contracting with Section 3 Business Concerns

HUD’s objective is to maximize participation in the project by firms which are owned or controlled by low-income individuals or which employ low-income persons. Recipients and contractors issuing subcontracts of $100,000.00 or more are required to make efforts to meet HUD established goals for participation. The following goals have been set: ten percent (10%) of the total dollar amount of all Section 3 covered contracts for building trades work and at least three percent (3%) of the total dollar amount of all other Section 3 covered contracts.

A Section 3 business concern:

   a. is 51 percent (51%) or more owned by Section 3 residents, or

   b. has permanent, full-time employees including persons at least 30 percent (30%) of whom are currently Section 3 residents or within three years of the date of first employment with the business concern were Section 3 residents, or

   c. provides evidence of commitments to subcontract in excess of 25 percent (25%) of the dollar away of all subcontracts awarded to business concerns that meet the qualifications set forth in “a” or “b”.
Highest preference must be provided to Section 3 business concerns in the jurisdiction of the project. Second tier concerns are applicants selected to carry out HUD Youthbuild programs. Third tier includes all other Section 3 business concerns.

There is no registration process to establish qualification; rather the business concern shall certify that it meets the regulatory definition to the HOME recipient or contractor. Business concerns shall also submit evidence to the recipient, contractor or subcontractor as requested to demonstrate that the business is responsible and has the ability to perform successfully under the terms and conditions of the proposed contract.

**SUMMARY OF SECTION 3 GOALS**

Employment of Section 3 Residents by Recipients of HOME Funds:

At least ten percent (10%) of the aggregate new hires (full-time and permanent, temporary or seasonal) for each year through project completion.

Contraction with Section 3 Business Concerns:

At least ten percent (10%) of the total dollar amount of all Section 3 covered contracts (contracts and subcontracts of $100,000.00 or more) for building trades work arising in connection with housing rehabilitation and housing construction.

and

At least three percent (3%) of the total dollar amount of all other Section 3 covered contracts (contracts and subcontracts of $100,000.00 or more) arising in connection with the project.