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NC DEQ DIVISION OF WATER INFRASTRUCTURE CDBG-I

The CDBG-I program provides grants to local government units to address water and wastewater infrastructure needs in HUD qualified low to moderate income communities.



North Carolina Department of Environmental Quality | Division of Water Infrastructure

Section 3

**Job Creation and Economic
Opportunity
(Section 3 - 24 C.F.R Part 135)**



What is Section 3?

The Section 3 program requires that recipients of certain HUD financial assistance, to the greatest extent feasible, provide job training, employment, and contracting opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods.

HUD programs covered by Section 3 (to distinguish between HUD Public and Indian housing programs) are those that provide housing or community development assistance for housing rehabilitation, housing construction, or other public construction project.

Who are Section 3 Residents?

- Public housing residents or
- Persons who live in the area where a HUD-assisted project is located and who have a household income that falls below HUD's income limits.

Determining Income Levels

- Low income is defined as 80% or below the median income of that area.
- Very low income is defined as 50% or below the median income of that area.

What is a Section 3 business concern?

A business that:

- Is 51 percent or more owned by Section 3 residents;
- Employs Section 3 residents for at least 30 percent of its full-time, permanent staff; or

- Provides evidence of a commitment to subcontract to Section 3 business concerns, 25 percent or more of the dollar amount of the awarded contract.

Who will provide the Economic Opportunities?

Recipients of HUD financial assistance and their contractors and subcontractors are expected to develop a Section 3 Plan to assure that economic opportunities to the greatest extent feasible are provided to low and very low-income persons and to qualified Section 3 businesses.

One element of that Plan is the use of a Section 3 clause which indicates that all

work performed under the contract is subject to the requirements of Section 3

Ensure that employment and other economic opportunities generated by CDBG - HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed to low- and very low-income persons.

Section 3 is designed to direct those opportunities to local residents and businesses, minimum Numerical Goals:

- 30% of new hires annually
- 10% of the total dollar amount of covered construction contracts
- 3% of the total dollar amount of covered non-construction contracts

How can businesses find Section 3 residents to work for them?

Businesses can recruit Section 3 residents in public housing developments and in the neighborhoods where the HUD assistance is being spent. Effective ways of informing residents about available training and job opportunities are:

- Contacting resident organizations, local community development and employment agencies
- Distributing flyers