



SECTION 3 BUSINESS CONCERNS Application Checklist

Mandatory documents:

- ☐ Section 3 Business Application Affidavit
- ☐ Business Bank Account Verification Letter
- ☐ Business Federal Tax Return¹
- ☐ Business Owner Income Tax Return¹
- ☐ W9 Form
- ☐ Resume of Owner(s)
- ☐ Invoice(s) and matching proof of payment(s) for services performed by Business²
- ☐ Verifiable Customer Reference Letters (3)
- ☐ Assumed Name Certificate OR Certificate of Incorporation OR Certificate of Filing

SAM.gov search on Business Name, Owner(s) Name(s) and Employer Identification Number will be performed by HCD Personnel

1. Current or Previous Year Return or Tax Return Extension approval.
2. Service(s) performed must match the trade(s) business provides.
3. Customer Reference letters must include the service(s) your business performed.

Additional requirements based on qualification statement in application:

Category (1)

51% owned and controlled by low-income person(s) provide the following:

- ☐ Completed Section 3 Worker(s) Application

Category (2)

75% of business labor hours are performed by low-income persons provide the following:

- ☐ List of all Current Full-Time Employees
- ☐ Labor Hours Report
- ☐ List of Eligible Employees with completed Section 3 Worker Applications and required supporting documents

Category (3)

51% owned and controlled by current public housing residents or residents who currently live in Section 8 assisted housing provide the following:

- ☐ Lease Agreement
- ☐ Public Housing Voucher or Award Letter



SECTION 3 BUSINESS CONCERNS FAQ'S



Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968 which ensures that employment and other economic opportunities generated by certain HUD financial assistance, shall, to the greatest extent feasible, be directed to low and very low-income persons.

The City of Houston Housing and Community Development Department is committed to promoting employment, contracting, and training opportunities to low and very-low income individuals and to business concerns who employ such individuals.

WHAT IS A SECTION 3 BUSINESS CONCERN?

A Section 3 Business Concern is a business that provides evidence to qualify under one of the following HUD Regulations categories:

1. 51% owned and controlled by low-income person(s); or
2. 75% of business labor hours are performed by low-income persons; or
3. 51% owned and controlled by current public housing residents or residents who currently live in Section 8 assisted housing

If your business meets one of the criteria outlined above, apply here:
<https://hcddsection3.gob2g.com/>

WHO IS A LOW-INCOME PERSON?

To determine if a person is low income visit here:
<https://www.huduser.gov/portal/datasets/il.html>

WHICH CITY OF HOUSTON HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT CONTRACTS ARE SUBJECT TO SECTION 3 REQUIREMENTS?

All contracts and subcontracts related to housing rehabilitation, housing construction and other public construction (infrastructure, public facilities, park improvements etc.) valued at or above \$100,000.00 require Section 3 compliance.

WHAT ARE THE FEDERAL REQUIREMENTS FOR BUSINESSES AWARDED A SECTION 3 COVERED CONTRACT?

1. 10% of the construction budget must be directed to Section 3 Business Concerns; and
2. 3% of the non-construction budget must be directed to Section 3 Business Concerns

WHAT ARE THE SECTION 3 WORKER AND SECTION 3 TARGETED WORKER REPORTING GOAL REQUIREMENTS?

1. Section 3 Workers – 25% or more of the total project labor hours must be performed by Section 3 Workers.
2. Targeted Section 3 Workers – 5% of the 25% project labor hours must be performed by Targeted Section 3 Workers.

For assistance contact: HCDDContractCompliance@houstontx.gov

