

## SECTION 3 DEFINITIONS

*Applicant* means any entity which makes an application for Section 3 covered assistance, and includes, but is not limited to, any State, unit of local government, public housing agency, Indian housing authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization (CHDO), resident management corporation, resident council, or cooperative association.

*Business concern* means a business entity formed in accordance with State law, and which is licensed under State, county or municipal law engages in the type of business activity for which it was formed.

*Business concern that provides economic opportunities for low-and very low-income persons.* See definition of "Section 3 business concern" in this section.

*Contract.* See definition of "Section 3 covered contract" in this section.

*Contractor* means any entity, which contracts to perform work generated by the expenditure of Section 3 covered assistance, or for work in connection with a Section 3-covered project.

*Department or HUD* means the Department of Housing and Urban Development, including its Field Offices to which authority has been delegated to perform functions under this part. The Field Office is identified as Housing and Community Development Department (HCDD).

*Employment opportunities generated by Section 3 covered housing and community development assistance.* This term means all employment opportunities arising in connection with Section 3 covered projects (as described in 135.3(a)(2)), including management and administrative jobs connected with the Section 3 covered project. Management and administrative jobs include architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups; and jobs directly related to administrative support of these activities, e.g., construction manager, relocation specialists, payroll clerk, etc.

*Housing and community development assistance* means any financial assistance provided or otherwise made available through a HUD housing or community development program through any grant, loan, loan guarantee, cooperative agreement, or contract, and includes community development funds in the form of community development block grants, and loans guaranteed under Section 108 of the Housing and Community Development Act of 1974, as amended. Housing and community development assistance does not include financial assistance provided through a contract of insurance or guaranty.

*JTPA* means the Job Training Partnership Act (29 U.S.C. 1579(a)).

*Low-income person.* See the definition of "Section 3 resident" in this section.

*Metropolitan area* means the Low – Moderate Income statistical area, as established by the 2000 Census data.

*Neighborhood area* means:

(1) For HUD housing programs, a geographical location within the jurisdiction of a unit of general local government (but not the entire jurisdiction) designed in ordinances, or other local documents as a neighborhood, village, or similar geographical designation.

(2) For HUD community development programs, see the definition, if provided, in the regulations for the applicable community development program, or the definition for this term in 24 CFR 570.204(c)(1).

*New hires* mean full-time employees for permanent, temporary or seasonal employment opportunities.

*Other HUD programs* means HUD programs, other than HUD public and Indian housing programs that provide housing and community development assistance for “Section 3 covered projects”, as defined in this section. Attached is the map that includes geographical areas of the eligible Low to Moderate Income areas.

*Recipient* means any entity which receives Section 3 covered assistance directly from HUD or from another recipient and includes, but is not limited to, any State, unit of local government, PHA, IHA, Indian Tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization, resident management corporation, resident council or cooperative association. Recipient also includes any successor, assignee or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

*Secretary* means the Secretary of Housing Urban Development (HUD).

*Section 3* means Section 3 of the Housing Urban Development Act of 1968, as amended (12 USC 1701u).

*Section 3 business concern* means a business concern, as defined in this section.

- (1) That is 51 percent or more owned by Section 3 residents; or
- (2) Whose permanent, full-time employees include persons, at least 30 percent 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
- (3) That provides evidence of a commitment to by contract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in paragraphs (1) or (2) in this definition of “Section 3 business concern”.

*Section 3 clause* means the contract provisions set forth in 24 CFR 135.38.

- (1) Assistance provided under any HUD housing or community development program that is expended for work arising in connection with:
  - (i) Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement);
  - (ii) Housing construction; or
  - (iii) Other public construction projects (which includes other buildings or improvements, regardless of ownership).

*Section 3 covered contract* means a contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project. "Section 3 covered contracts" do not include contracts awarded under HUD's procurement program, which are governed by the Federal Acquisition Regulation System (see 48 CFR, Chapter 1). "Section 3 covered contracts" also do not include contracts for the purchase of supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a Section 3 covered contract. For example, a contract for the purchase and installation of a furnace would be a Section 3 covered contract because the contract is for work (i.e., the installation of a furnace) and thus is covered by Section 3.

*Section 3 covered project* means the construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance.

*Section 3 resident means:* (1) A public housing resident; or (2) An individual who resides in the Low to Moderate Income areas in which the Section 3 covered assistance is expended, and who is:

- (i) A *low-income person*, as this term is defined in Section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2)). Section 3(b)(2) of the 1937 Act defines this term to mean families (including single persons) whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low-income families; or
- (ii) A *very low-income person*, as this term is defined in Section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2)). Section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2)) defines this term to mean families (including single persons) whose incomes do not exceed 50 per centum of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes