What is Section 3? It is a means by which HUD fosters local economic development, neighborhood economic improvements and individual self-sufficiency. Section 3 is the basis for creating jobs for Section 3 residents and bidding contractors in areas receiving certain types of HUD financial assistance.

Under Section 3 of the HUD Act of 1968, wherever HUD financial assistance is expended for housing or community development, to the greatest extent feasible, economic opportunities will be given to Section 3 residents and businesses in that area.

Section 3 policy. Congress established the Section 3 policy to guarantee that the employment and other economic opportunities created by federal financial assistance for housing and community development programs should, if possible, be directed toward low- and very-low income persons, particularly those who are recipients of government assistance for housing.

What is a Section 3 business? Neighborhood Services Department (NSD) certifies contractor(s) with an active Arizona Registrar of Contractors, Residential or Commercial license that meet one of the three following categories.

- At least 51 percent or more owned by Section 3 residents, or
- At least 30 percent of its full time employees include persons that are currently Section 3 residents, or were Section 3 residents up to three years after the date of first hire, or
- Provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to a Section 3 business concern.

How can businesses find Section 3 residents to work for them? Businesses can recruit in the neighborhood and public housing developments to inform residents about available training and job opportunities. Contacting resident organizations and local community development and employment agencies to locate potential workers are effective ways of acquiring jobs. Phoenix Workforce Connections is a possible outlet to find job seekers.

Does being self-certified as a Section 3 Business mean that a firm is automatically entitled to HUD funded contracts? A Section 3 business is not entitled to a contract simply by being certified. It is still necessary to provide responsible bids and performance under the terms and conditions of prospective contracts. Section 3 tracking and reporting is a requirement of HUD funding.

Employment goals are based on “new hires”, which are defined as full-time employees for permanent, temporary or seasonal employment opportunities.

Certification is valid from January 1 through December 31. Re-certification requests will be sent out in January of new calendar year. Contractors on Section 3 vendor list will be sent bid announcements.