IT’S NOT AN OPTION—
IT’S THE LAW!

Section 3 of the Housing and Urban Development Act
(Section 3)

Section 3 ensures that HUD-funded jobs, training, and contracts are provided to low- and very low-income residents of the community where the funds are spent, and to businesses that are owned by, or employ, such persons.

Visit www.hud.gov/section3 to learn more about Section 3
Section 3 Quiz for Recipients of HUD Funding

How Many of These True/False Questions Can You Answer Correctly?

1. The purpose of Section 3 of the Housing and Urban Development Act is to ensure that jobs, training, and contracts are provided to minorities?  
   **Answer:** False

2. Section 3 requirements only apply to Public Housing Agencies?  
   **Answer:** False

3. Submitting the Section 3 Annual Summary Report (Form HUD-60002) to HUD is an agency’s only Section 3 responsibility?  
   **Answer:** False

4. Section 3 residents and businesses do not have to be qualified for the jobs or contracts that they are seeking?  
   **Answer:** False

5. If a construction project is funded with both HUD funding and non-HUD funding, Section 3 only applies to the HUD-share of the project?  
   **Answer:** True

6. Public Housing Agencies, local units of government, contractors, and others are responsible for verifying the eligibility of Section 3 residents and businesses?  
   **Answer:** True

7. To be considered a Section 3 resident a person’s household income must be less than 80% of the median for their area?  
   **Answer:** False

8. Section 3 businesses are either owned by, or substantially employ, Section 3 residents?  
   **Answer:** True

9. Agencies are required to award 50% of all construction contracts to Section 3 businesses each year?  
   **Answer:** True

10. Section 3 hiring requirements only apply to new hires?  
    **Answer:** True

11. An employee that was laid off by a contractor before a HUD-funded contract was awarded cannot be considered a new hire if they are called back to work?  
    **Answer:** True

12. Hosting job fairs, career training, and professional development seminars does not count towards Section 3 efforts?  
    **Answer:** False

13. There are no serious consequences for noncompliance with Section 3?  
    **Answer:** False

To self-certify a firm as a Section 3 business or search the database of Section 3 businesses in your community, please visit: www.hud.gov/sec3biz