

SECTION 3 | 24 CFR Part 75

FUNDING THRESHOLDS

- All programs receiving public housing financial assistance regardless of the amount of assistance received from HUD. There are no funding thresholds for public housing programs.

Public Housing Financial Assistance

- Development assistance provided pursuant to Section 5 of the United States Housing Act of 1937 (the 1937 Act)
- Operations and management assistance provided pursuant to Section 9(e) of the 1937 Act
- Development, modernization, and management assistance provided pursuant to Section 9(d) of the 1937 Act
- The entirety of a mixed-finance development project as described in 24 CFR 905.604, regardless of whether the project is fully or partially assisted with public housing financial assistance as defined in subsections (i) through (iii)

Section 3 applicability for public housing funding includes operation, maintenance and development construction, and rehabilitation. Maintenance activities include re-painting, pest control, landscaping, HVAC repair, etc.

Other HUD funding for public housing includes:

- Capital Fund Program
 - Resident Opportunity and Self-Sufficiency grants
 - Family Self-Sufficiency grants
 - Choice Neighborhoods grants
 - Rental Assistance Demonstration (RAD) Program
- Housing rehabilitation, housing construction, or other public construction such as infrastructure related projects (ex: water and sewer repairs, roads, bridges or enhancements to business facades in low-mod communities) assisted under HUD programs that provide housing and community development financial assistance when to the total amount of the assistance to the project exceeds a threshold of \$200,000. Lead Hazard Control and Healthy Homes assistance is not included in calculating whether the assistance exceeds the \$200,000 threshold.

Housing and Community Development Financial Assistance

The following is an example of assistance programs

- Community Development Block Grant (CDBG)
- HOME Investment Partnership
- Housing Trust Fund (HTF)
- Neighborhood Stabilization Program Grants (NSP 1, 2 & 3)
- Housing Opportunities for Persons with AIDS (HOPWA)

- Emergency Solutions Grants (ESG)
 - University Partnership Grants
 - Economic Stimulus Funds
 - Section 202 Supportive Housing for the Elderly
 - Section 811 Supportive Housing for the Disabled
 - Lead Hazard Control Grants
 - Healthy Homes Production Grants
 - Rental Assistance Demonstration (RAD)
- Lead Hazard Control and Healthy Homes¹ (LHCHH) programs if there is over \$100,000 of LHCHH funding for the project. Neither HUD public housing financial assistance nor HUD housing and community development financial assistance is included in calculating whether the assistance exceeds the \$100,000 threshold.
 - Recipients of LHCHH funding when any public housing financial assistance is provided or the total amount of HUD housing and community development financial assistance to the project exceeds \$200,000. LHCHH funding is not included in calculating whether the total assistance exceeds the \$200,000 threshold.

SECTION 3 APPLIES	
Public Housing Financial Assistance	All assistance regardless of the amount of assistance
Housing and Community Development Financial Assistance	Housing rehabilitation, housing construction, or other public construction projects when assistance exceeds \$200,000 <i>Lead Hazard Control and Healthy Homes assistance is not included in the calculation</i>
Lead Hazard Control and Healthy Homes Programs	Projects receiving over \$100,000 LHCHH funding <i>Neither HUD public housing financial assistance nor HUD housing and community development financial assistance is included in the calculation</i> Projects receiving any public housing financial assistance or if the total amount of housing and community development financial assistance exceeds \$200,000 <i>LHCHH funding is not included in the calculation</i>

¹ As authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970, the Lead-Based Paint Poisoning Prevention Act, and the Residential Lead-Based Paint Hazard Reduction Act of 1992

Projects that are financed with state, local, or private matching or leveraged funds used in conjunction with HUD funds are covered by Section 3 if the amount of HUD funding for the project exceeds the threshold requirements as stated in this section.

Regardless of funding source, Section 3 does not apply to:

Professional Services

- Contracts for, including but not limited to, legal services, accounting services, financial consulting, environmental assessment, architectural services, and civil engineering services
- Services that require an advanced degree or professional licensing and considered non-construction services

Material Supply Contracts

- Contracts for material supplies: commercially available materials and products (ex. lumber, drywall, wiring, concrete, pipes, toilets, sinks, carpet, office supplies)
- If delivery not included for material supplies, the contract for delivery is subject to Section 3 requirements

Sources

- [HUD Section 3 FAQs](#)
- [Understanding Section 3: Training Curriculum](#)
- [Enhancing and Streamlining the Implementation of Section 3 Requirements for Creating Economic Opportunities for Low- and Very Low-Income Persons and Eligible Businesses | 24 CFR Part 75](#)

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