



## Section 3 Frequently Asked Questions

- **What is a Section 3 Business Concern?**

A Section 3 Business concern is a business concern under HUD Regulations:

- (1) **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 subcontract 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”.

**Please proceed and Register as a Section 3 Business Concern, if your business meets the criteria. If you have any questions or need help while completing the application, please contact our offices by email at [section3@thecha.org](mailto:section3@thecha.org) or by phone at (312)542-8802.**

- **How do I verify if my own company qualifies as a Section 3 Business Concern with 30% or more of the full-time permanent workforce qualifying as low-income?**

You should verify the income of your permanent full-time workforce through HUD’s income guidelines, located at the following web link: <http://www.huduser.org/portal/datasets/il/il12/index.html>

- **Does CHA require hiring and subcontracting under the section 3 requirements on every contract?**

Every contract requires Section 3 compliance, except for Supply & Delivery contracts.

- **What are the contract requirements under Section 3?**

- 30% of all new hires must be Section 3 employees (including CHA residents and low-income employees);
- Contractors are required to subcontract with Section 3 Business Concerns
  - Construction= 10% of the total dollar amount of the contract awarded to the contractor
  - All other contracts (except supply & delivery) = 3% of the total dollar amount of the contract awarded to the contractor;
- Other Economic Opportunities- If for any reason, a business is unable to subcontract the full percentage requirement to a Section 3 Business Concern, CHA requires the vendor to propose other economic opportunities that would benefit the residents and future businesses. Examples include, but are not limited to teaming agreements, mentorship programs, internship programs, or anything creative that the Prime Contractor can propose