



Section 3 Regulation

Section 3 of the Housing and Urban Development Act of 1968 (codified at 12 U.S.C. 1701u and implemented at 24 CFR Part 75, hereinafter, "Section 3"), as amended, requires that economic opportunities, most importantly employment, generated by certain U.S. Department of Housing and Urban Development ("HUD") financial assistance shall be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, or residents of the community in which the Federal assistance is spent.

Section 3 Business Registry

If you believe your business qualifies as a Section 3 Business Concern based on the below definition, complete Form 2: Section 3 Business Concern Certification and submit to LCreamer@mplspha.org. Upon receipt of the form, MPHA will add your business name to its internal Section 3 Business Registry database. The registry is used to identify businesses for direct contracting and subcontracting needs.

In addition to MPHA's database, HUD manages its own independent Section 3 Business database. See [HUD Section 3 Business Registry](#) for more information and to register with them as well.

Who is a Section 3 Worker? (24 CFR Part 75.5)

A Section 3 Worker is any worker who currently fits, or when hired within the past five years fit, at least one of the following categories, as documented:

- i. The worker's income for the previous or annualized calendar year is below the income limit established by HUD (see below); or
- ii. The worker is employed by a Section 3 business concern; or
- iii. The worker is a YouthBuild participant.

How are low income or very low-income determined?

Low- and very low-income limits are defined in Section 3(b)(2) of the Housing Act of 1937 and are determined annually by HUD. HUD income limits may be obtained from: [FY 2021 Income Limits Documentation System -- Summary for Minneapolis-St. Paul-Bloomington MN-WI HUD FMR Metro Area\(huduser.gov\)](#) or from MPHA's website.

Low income limits are determined annually by HUD for each metropolitan area. The table below lists the FY 2021 Minneapolis Metropolitan Area Income Limits. If your income falls within one of those categories, you are a Section 3 worker.

Income Eligibility Guideline*

(FY 2021 Income Limits - Minneapolis-St. Paul-Bloomington MN-WI HUD FMR Metro Area)

<https://www.huduser.gov/portal/datasets/il/il2021/2021summary.odn>

Very Low (50%) Income Limit	No more than \$36,750, or
Low (80%) Income Limit	No more than \$55,950

Note: a Section 3 worker can be either a very low or low-income individual.

Additional information about Section 3 is available at <https://mphaonline.org/careers/section-3/> or by contacting us at LCreamer@mplspha.org.



When price is the only factor for an MPHA solicitation, Section 3 preferences will be given based on the following:

When the lowest responsive bid is:	Preference
Less than \$100,000	10% of the bid or \$9,000
At least \$100,000 but less than \$200,000	9% of the bid or \$16,000
At least \$200,000 but less than \$300,000	8% of the bid or \$21,000
At least \$300,000 but less than \$400,000	7% of the bid or \$24,000
At least \$400,000 but less than \$500,000	6% of the bid or \$25,000
At least \$500,000 but less than \$1 million	5% of the bid or \$40,000
At least \$1 million but less than \$2 million	4% of the bid or \$60,000
At least \$2 million but less than \$4 million	3% of the bid or \$80,000
At least \$4 million but less than \$7 million	2% of the bid or \$105,000
\$7 million or more	1.5% of the lowest responsive bid

When there are factors other than just cost in an MPHA solicitation, a vendor may receive additional points for a Section 3 preference based on the following:

If the vendor is a Section 3 Business Concern as outlined above:

Points	Description
10 points	Certified Section 3 Business Concern (Category I, II, or III).

If the vendor is not a Section 3 Business Concern as outlined above:

Max Points	Description
5 points	For submitting a compliance plan (required documents and any supplemental material not specifically requested) that outlines the efforts the vendor will undertake, which will help MPHA achieve compliance with 24 CFR Part 75, Section 3. MPHA will evaluate the compliance plan and award points based both on efforts and likelihood those efforts will have the intended effect to achieve (or help MPHA achieve) compliance.