

SECTION 3 PROJECT EXAMPLES

ACTIVITY	PROGRAM	LOAN/GRANT AMOUNT	ASSISTANCE	ADDITIONAL CONTRACTORS AND SUBS	SECTION 3 AFFIRMATIVE DUTY APPLIES TO CONSTRUCTOR?	REASONING
Business Expansion (involving construction or rehabilitation)	CDBG Float Loan	\$500,000	Business	General Contractor (contract amount of \$400,000); Sucontractors (all subcontracts under \$100,000)	YES – for Business and General Contractor NO for subcontractors	Business and General Contractor: Both (1) the covered activity threshold (“other public construction which includes buildings or improvements” – 24 CFR 135.5 (definition of “Section 3 covered project”)) and (2) the monetary threshold (contract exceeds \$100,000 – 24 CFR 135.3 (a)(3)(ii)(B)) are met. Subcontractor: The monetary threshold is not met (contract does not exceed \$100,000 – 24 CFR 135.3(a)(3)(ii)(B)).
Building Rehab	Multi-Family Loan	\$870,000	Developer	General Contractor (contract amount of \$300,000); two (2) sub-contractors (Subcontractor A with contract amount over \$100,000 and Subcontractor B with amount less than \$100,000)	YES – for Developer, General Contractor and Subcontractor A. NO – for Subcontractor B.	Developer, General Contract and Subcontractor A: both (1) the covered activity threshold (“other public construction which includes buildings or improvements” – 24 CFR 135.5 (definition of “Section 3 covered project”)) and (2) the monetary threshold (contract exceeds \$100,000 – 24 CFR 135.3(a)(3)(ii)(B)) are met. Subcontract B: The monetary threshold is not met (contract does not exceed \$100,000 – 24 CFR 135.3(a)(3)(ii)(B)).
Fair Housing Counseling	Delegate Agency Contract	\$25,000	Nonprofit Organization	None	NO – for Nonprofit Organization	This activity is not considered Section 3 covered assistance (24 CFR 135.5 (definition of “Section 3 covered assistance”).
Senior Center Construction	Delegate Agency Contract	\$250,000	Nonprofit Organization	General Contractor	YES for Nonprofit Organization and General Contractor	Both (1) the covered activity threshold (“other public construction which includes buildings or improvements” – 24 CFR 135.5 (definition of “Section 3 covered project”)) and (2) the monetary threshold (contract exceeds \$100,000 – 24 CFR 135.3(a)(3)(ii)(B)) are met.
Building Rehab	Multi-Family Loan	Profit amount is \$4,000,000. \$3,850,000 from corporate funds and \$150,000 from CDBG	Developer	General Contractor and Subcontractors	YES – for Developer, General Contractor and Subcontractors.	Both (1) the covered activity threshold (“other public construction which includes buildings or improvements” – 24CFR 135.5 (definition of Section 3 covered project”)) and (2) monetary threshold (contract exceeds \$100,000 – 24 CFR 135.5(a)(3)(ii)(B)) are met.
Building Rehab	Multi-Family Loan	\$150,000	Developer (with no other HUD-funded County projects)	General Contractor (contract amount is \$125,000)	YES – for Developer and General Contractor	Both (1) the covered activity threshold (“public construction which includes buildings or improvements” – 24 CFR 135.5 (definition of “Section 3 covered project”)) and (2) the monetary threshold (contract exceeds \$100,000 – 24 CFR 135.3(a)(3)(ii)(B)) are met.