

## Appendix 1 - Applicability Thresholds for Section 3

### 24 CFR 135.3(a)(3)(ii) – Applicability thresholds for Section 3 covered housing and community development assistance.

(A) **Recipient thresholds.** The requirements of this part apply to recipients of other housing and community development program assistance for a section 3 covered project(s) for which the amount of the assistance exceeds \$200,000.

1.	<p>Are you the recipient of housing and community development assistance?</p> <ul style="list-style-type: none"> <li>• <b>Recipient</b> – any entity which receives section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State, unit of local government, PHA, IHA, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which section 3 applies and does not include contractors. (24 CFR 135.5)</li>   <li>• <b>Housing and community development assistance</b> – any financial assistance provided or otherwise made available through a HUD housing or community development program through any grant, loan, loan guarantee, cooperative agreement, or contract, and includes community development funds in the form of community development block grants, and loans guaranteed under section 108 of the Housing and Community Development Act of 1974, as amended. Housing and community development assistance does not include financial assistance provided through a contract of insurance or guaranty</li> </ul>	<p>If <b>YES</b>, then proceed to question 2.</p>	<p>If <b>NO</b>, then refer to 24 CFR part 135 for applicability of Section 3 to other HUD programs.</p>
2.	<p>Will the assistance be expended on work arising in connection with section 3 covered project(s)?</p> <ul style="list-style-type: none"> <li>• <b>Section 3 covered project</b> – construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance.</li> </ul>	<p>If <b>YES</b>, then proceed to question 3.</p>	<p>If <b>NO</b>, then Section 3 requirements do not apply.</p>

3.	Will the amount of the assistance for the Section 3 covered project(s) exceed \$200,000?	If <b>YES</b> , then the Section 3 requirements apply to the training, employment, and contracting activities of the grantee or subgrantee. Proceed to questions below to determine applicability to contracts and subcontracts.	If <b>NO</b> , then Section 3 requirements do not apply.
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(B) **Contractor and subcontractor thresholds.** The requirements of this part apply to contractors and subcontractors performing work on Section 3 covered projects(s) for which the amount of the assistance exceeds \$200,000; and the contract or subcontract exceeds \$100,000.

1.	Are you a contractor or subcontractor performing work on a Section 3 covered project(s)?	If <b>YES</b> , then proceed to question 2.	If <b>NO</b> , then Section 3 does not apply.
2.	Does the amount of the assistance for the Section 3 covered project(s) exceed \$200,000 <u>AND</u> the contract or subcontract exceed \$100,000?	If <b>YES</b> , then Section 3 applies to the contract and subcontract, even if the contract or subcontract is privately funded. See 24 CFR 135.3(b) below.	If <b>NO</b> , then Section 3 does not apply to the contract or subcontract but does apply to the grantee or subgrantee. See below.

(C) **Threshold met for recipients, but not contractors or subcontractors.** If a recipient receives Section 3 covered housing or community development assistance in excess of \$200,000, but no contract exceeds \$100,000, the Section 3 preference requirements only apply to the recipient.

1.	<p>Are you the recipient of Section 3 covered housing or community development assistance in excess of \$200,000?</p> <ul style="list-style-type: none"> <li>• <b>Section 3 covered assistance</b> - ...(4) Assistance provided under any HUD housing or community development program that is expended for work arising in connection with: (i) housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement); (ii) housing construction; or (iii) other public construction project (which includes other buildings or improvements, regardless of ownership).</li> </ul>	<p>If <b>YES</b>, then the Section 3 requirements apply to the training, employment, and contracting activities of the grantee or subgrantee.</p>	<p>If <b>NO</b>, then Section 3 does not apply.</p>
2.	<p>Are there contracts or subcontracts for work arising in connection with the Section 3 covered assistance in excess of \$100,000?</p>	<p>If <b>YES</b>, then the Section 3 requirements apply to all contracts and subcontracts in excess of \$100,000, regardless of funding source, as well. See 24 CFR 135.3(b) below.</p>	<p>If <b>NO</b>, then Section 3 does not apply to the contract or subcontract but does apply to the grantee or subgrantee.</p>

**24 CFR 135.3(b) Applicability of section 3 to entire project or activity funded with section 3 assistance.** The requirements of this part apply to the entire project or activity that is funded with Section 3 covered assistance, regardless of whether the Section 3 activity is fully or partially funded with Section 3 covered assistance.