

# What is a Section 3 Business?

Legal definition:

Section 3 Business- A business entity formed in accordance with State law, and which is licensed under State, county, or municipal law to engage in the type of business activity for which it was formed and: A business that is 51 percent or more owned by Section 3 resident(s); or whose permanent, full-time employees include persons, at least 30 percent of whom are currently Section 3 residents who reside in the City of New Albany, or within three years of the date of first employment with the business concern were Section 3 residents; or a business 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 ownership or employment qualifications of a Section 3 business (as discussed above).

## Your Business is a Section 3 Business if...

Your business was formed in accordance with State law, and licensed to engage in the type of business activity for which it was formed.

AND you can answer yes to ONE of the following questions:

- Is 51% of the business owned by Section 3 Resident(s)?
- Are 30% of permanent, full-time employees currently Section 3 Residents who reside in the City of New Albany?
- Were 30% of the permanent, full-time employees, within 3 years of the date of first employment, Section 3 Residents who reside in the City of New Albany?
- Can you provide evidence of a commitment to subcontract in excess of 25% of the dollar award of all subcontracts to a Section 3 business that meets the ownership or employment qualifications? (As explained above).
- Can you provide evidence of commitment to hire Section 3 residents, such that they compose at least 30% of all new hires? (As defined by the most updated HUD income requirements, see chart on next sheet).

**For more information about Section 3 requirements contact:**

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