



KNOX COUNTY  
TENNESSEE

## SECTION 3 REQUIREMENTS

OVERVIEW & POLICY

EFFECTIVE JULY 1, 2021

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## OVERVIEW OF HUD'S SECTION 3 REQUIREMENTS

### WHAT IS SECTION 3?

Section 3 is a provision of the U.S. Housing and Urban Development (HUD) Act of 1968 that helps foster local economic development, neighborhood economic improvement, and individual self-sufficiency. The Section 3 program requires that recipients of HUD financial assistance, to the greatest extent feasible, provide job training and employment opportunities for low- or very low-income residents, particularly those who are recipients of government assistance for housing, to participate in activities in their neighborhoods.

Projects that receive “HUD financial assistance” that are required to comply with Section 3 regulations are:

1. Any public and Indian Housing programs that receive (a) development assistance pursuant to Section 5 of the U.S. Housing Act of 1937; (b) operating assistance pursuant to Section 9 of the U.S. Housing Act of 1937; or (c) modernization grants pursuant to Section 14 of the U.S. Housing Act of 1937.
2. Recipients of housing and community development assistance equal to or exceeding \$200,000 expended for: (a) housing rehabilitation (including reduction and abatement of lead-based paint hazards); (b) housing construction; or (c) other public construction projects awarded in connection with the Section 3-covered activity (as found in HUD Form 60002).

The enabling regulations for Section 3 can be found in 24 CFR Part 75.

Knox County Community Development (“KCCD”) as a recipient of HUD financial assistance, requires compliance from all developers, sponsors, contractors, and subcontractors with contracts at or above \$200,000.

NOTE: Contractors, subcontractors, developers, and sponsors will be referred to as “contractors” throughout this document. For additional information, please see “Definitions” in the Appendix.

### WHO ARE SECTION 3 WORKERS?

Section 3 workers are any worker who currently fits, or when hired within the past five (5) years fit, at least one of the following, as documented:

- Persons and who have a household income that falls below HUD’s income limits low- to moderate-income is defined as eighty percent (80%) or below the median income of Knox County, as adjusted for household size;
- Are employed by a Section 3 business concern; OR
- Are a YouthBuild participant (see “Definitions” in the Appendix).



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## WHO ARE SECTION 3 TARGETED WORKERS?

Section 3 targeted workers are:

- Employed by a Section 3 business concern;
- Currently fits or when hired fit one of the following categories, as documented within the past five (5) years:
  - Living within the service area or neighborhood of the project, as defined in 24 CFR § 75.5 (see “Definitions” in the Appendix); OR
  - A YouthBuild participant.

## WHAT IS A SECTION 3 BUSINESS CONCERN?

A business concern that meets at least one of the following criteria, documented within the last six (6)-month period:

- Is fifty-one percent (51%) or more owned by low – or very low-income persons (see “Definitions” in the Appendix);
- Employs low- or very low-income workers who complete seventy-five percent (75%) or more of the labor hours (see “Definitions” in the Appendix) on the worksite; OR
- Is at least fifty-one percent (51%) owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

## WHAT PROGRAMS ARE COVERED?

Created by the Housing and Urban Development Act of 1968, Section 3 applies to public and Indian housing programs, housing and community development programs, and other Federal and HUD assistance [24 CFR Part 75.3].

## WHAT TYPES OF ECONOMIC OPPORTUNITIES ARE AVAILABLE UNDER SECTION 3?

- Job training
- Employment
- Contracts

Any employment resulting from these expenditures, including administration, management, clerical support, and construction, is subject to compliance with Section 3.



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## WHAT KINDS OF SECTION 3 PERFORMANCE WILL BE MONITORED BY HUD?

- Whether all contracts awarded by the HUD grantee (KCCD) contain the required Section 3 language in all applicable contracts;
- The number of Section 3 training opportunities coordinated by the HUD grantee (KCCD);
- Whether twenty-five percent (25%) or more of the total number of labor hours worked by Section 3 workers on a project; AND
- Whether at least five percent (5%) or more of the total number of labor hours worked by all workers was completed by Section 3 targeted workers. This signifies that the five percent (5%) is included as part of the aforementioned twenty-five percent (25%) threshold.

## IMPACT OF SECTION 3 REQUIREMENTS UPON KCCD

### WHAT MUST KCCD DO TO MEET SECTION 3 GOALS?

In order to achieve the twenty-five percent (25%) goal for Section 3 workers, KCCD will implement procedures for projects that will report on Section 3 activities. Procedures are required for:

- 1) Notification of potential Section 3 opportunities by publication: on KCCD/Knox County's website, Knox County Purchasing Department's website, or published in the newspaper;
- 2) Compliance with HUD's Section 3 requirements; and
- 3) Annual reporting of Section 3 performance.

### HOW WILL KCCD REQUIRE SECTION 3 COMPLIANCE OF ITS CONTRACTORS, DEVELOPERS, AND SPONSORS?

KCCD requires all developers, contractors, and sub-contractors to attend a KCCD- sponsored Section 3 training at least once annually.

KCCD requires all developers, contractors, and sub-contractors to utilize, to the greatest extent feasible, Section 3 business concerns.

KCCD requires all developers, contractors, and sub-contractors to utilize, complete, or have completed a set of forms which document the developer's, contractor's, and sub-contractor's efforts to meet Section 3 requirements.

Specific draws, by contract, are conditioned on the complete submission of required Section 3 forms.



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## HOW DOES HUD REQUIRE COMPLIANCE OF KCCD?

HUD receives annual reports from its grantees that identify the performance of contractors and investigates complaints. HUD examines employment and contract records for evidence of actions taken to train and employ Section 3 workers and to award contracts to Section 3 business concerns. In addition, HUD will monitor Section 3 compliance by analyzing the Consolidated Annual Performance and Evaluation Report (CAPER) submitted by KCCD on an annual basis.

## KCCD'S SECTION 3 POLICY

### GENERAL POLICY STATEMENT

It is the policy of Knox County Community Development (KCCD) to require its contractors to provide equal employment opportunity to all employees and applicants for employment without regard to race, color, religion, sex, national origin, disability, veteran or marital status, or economic status and to take affirmative action to ensure that both job applicants and existing employees are given fair and equal treatment.

KCCD implements this policy in part by providing special consideration to contractors that create employment and business opportunities for qualified low- and very low-income persons residing in Knox County.

### SECTION 3 PURPOSE

Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u) (Section 3), requires KCCD to ensure that employment and other economic and business opportunities generated by U.S. Department of Housing and Urban Development (HUD) financial assistance, to the greatest extent feasible, are directed to public housing residents and other low-income persons, particularly recipients of government housing assistance, and business concerns that provide economic opportunities to low- and very low-income persons.

### SECTION 3 CONTRACTING POLICY & PROCEDURE

The KCCD will monitor and require compliance for all HUD-funded contracts that fit within the Section 3 guidelines, as defined by HUD Form 60002.



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## KCCD'S SECTION 3 PLAN

The KCCD has developed a Section 3 Plan to identify the goals, objectives, and actions that will be implemented to ensure compliance with the requirements of Section 3.

To strengthen KCCD's compliance with and reporting for Section 3 activities, the agency has developed policies and procedures to guide implementation and reporting.

This policy is divided into three sections:

- KCCD Responsibilities
- Program Participant Responsibilities
- Hiring and Training with Section 3

### KCCD RESPONSIBILITIES

- **KCCD requires all developers, contractors, and sub-contractors to attend a training at least once annually on Section 3**

KCCD will offer Section 3 training twice a year in each calendar year.

- **Developers, contractors, and sub-contractors will be required, in responding to any Request for Funding (RFF), Request for Qualifications (RFQ), Invitation for Bids (IFB), or other solicitation from KCCD or its sub-recipients, to agree to complete Section 3 training within a reasonable timeframe, should their bid be successful.**

Developers, Contractors, and sub-contractors will be required to attend an annual Section 3 training should they be selected as the winning bidder. If necessary, a specially arranged Section 3 training may be organized for developers/contractors who have or will be signing a contract to undertake work based on HUD financing.

KCCD will maintain a list of persons who have successfully completed the Section 3 training for future reference.

- **KCCD requires all developers, contractors, and sub-contractors, to the greatest extent feasible, to utilize Section 3 business concerns.**

KCCD encourages all developers, contractors, and sub-contractors to utilize the HUD Section 3 Business Registry.

- For eligible Section 3 business concerns, registration for the online database is located at:

<https://portalapps.hud.gov/Sec3BusReg/BRegistry/RegisterBusiness>

- To search the database for registered Section 3 business concerns, the search feature is located at:

<https://portalapps.hud.gov/Sec3BusReg/BRegistry/SearchBusiness>



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## PROGRAM PARTICIPANT RESPONSIBILITIES

- **Written governing notification to eligible residents about employment and training opportunities generated by KCCD Section 3 covered assistance.**

Subrecipients and contractors should utilize outreach efforts included in Appendix C to notify Section 3 Workers of potential opportunities.

- **Written procedures governing notification to Section 3 business concerns about contracting opportunities generated by Section 3 covered assistance.**

Subrecipients and contractors should utilize outreach efforts included in Appendix D to notify Section 3 Businesses of potential opportunities.

To assist developers, contractors, and sub-contractors in identifying Section 3 business concerns, KCCD encourages the use of the HUD Section 3 Business Registry and Opportunity Portal.

- **Setting numerical goals for employment and training opportunities for residents and contracting employees for Section 3 Business Concerns.**

Knox County will comply with the Section 3 benchmarks as mandated by 24 CFR 75.23. The current benchmarks established by HUD<sup>1</sup> for Section 3 Workers is 25 percent or more of the total number of labor hours worked by all workers on a Section 3 Project. Targeted Section 3 Workers is set at five percent or more of the total number of labor hours worked by all workers on a Section 3 project.

It is the responsibility of contractors to implement progressive efforts to attain Section 3 compliance.

- **Documentation of compliance with Section 3 regulations, any impediments encountered in implementing the Section 3 program, and corrective actions taken to remedy any problem areas.**

24 CFR 75.31 requires that HUD grantees (KCCD) must document compliance with Section 3 requirements, any impediments encountered in implementing the Section 3 program, and any corrective actions taken to remedy any compliance problems.

<sup>1</sup> Per 24 CFR Part 75.13(b)(1), HUD commits to updating the benchmarks through Federal Register notice, subject to public comment, no less frequently than once every three years.





## HIRING & TRAINING WITH SECTION 3

Recipients and their contractors/subcontractors are required to give hiring and training preference to Section 3 workers, to the greatest extent feasible, when employment and training opportunities result from a CDBG funded project.

When a recipient or contractor/subcontractor has identified that new employment or training opportunity will result from the normal completion of the CDBG construction and/or rehabilitation projects, the CDBG grant administrator should work with that entity to assist with advertising the opportunity to Section 3 residents.

Notices of employment/training opportunities must be sent to the Tennessee Chapter of the National Association of Housing and Redevelopment Officials (NAHRO). Notices should be sent to the NAHRO Chapter President. NAHRO will share the notice with public housing authorities, in an effort to help reach Section 3 businesses.

Notices of employment/training opportunities must also be posted to HUD's Opportunity Portal (<https://hudapps.hud.gov/OpportunityPortal>). This portal may also be used by businesses seeking Section 3 workers for open employment opportunities.

When giving hiring and training preference to Section 3 workers, recipients and contractor/subcontractors should use the following order of priority:

- 1st: Section 3 workers residing in the service area or neighborhood in which the section 3 project is located.
- 2nd: Participants in HUD YouthBuild programs
- 3rd: Other section 3 residents.

## SECTION 3 CLAUSE

All Section 3 covered contracts shall include the following clause (referred to as the Section 3 Clause):

The Recipient shall comply with provisions for economic opportunities for low- and very low-income persons in accordance with 24 CFR part 75 and Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u). All contracts for Section 3 projects shall be required to comply with Section 3 and shall meet the requirements in 24 CFR Part 75.19:

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.



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- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 75, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 75 regulations.
- C. The contractor agrees post copies of a notice advising workers of the Contractor's commitments under Section 3 in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The contractor agrees to provide written notice of contracting opportunities to all known Section 3 Workers and Section 3 Businesses.
- E. The contractor agrees to post contract and job opportunities to the Opportunity Portal, and will check the Business Registry for businesses located in the project area.
- F. The contractor agrees to include compliance with Section 3 requirements in every subcontract for Section 3 projects as defined in 24 CFR part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 75.
- G. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 75.
- H. The contractor will certify that they have followed prioritization of effort in 24 CFR part 75.19 for all employment and training opportunities. The contractor will further certify that it meets or exceeds the applicable Section 3 benchmarks, defined in 24 CFR Part 75.23, and if not, shall describe in detail the qualitative efforts it has taken to pursue low- and very low-income persons for economic opportunities.
- I. Noncompliance with HUD's regulations in 24 CFR part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.



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All Section 3 covered contracts shall include the following clause (referred to as the Section 3 Clause):

- A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 75, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 75 regulations.
- C. The contractor agrees to send to each labor organization or representative or workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 75. The Section 3 Manager will maintain a list of those in violation. The contractor should consult with Section 3 Manager if this occurs.
- E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 75.



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- F. The contractor agrees to submit all required Section 3 forms at the first draw of funds, and updated Section 3 forms before the release of the final payment or retainage, whichever is applicable.
- G. The contractor understands and agrees that the contractor and all subcontractors thereof are required to attend a KCCD sponsored Section 3 training at least once annually.
- H. Noncompliance with HUD's regulations in 24 CFR parts 75 may result in sanctions, termination of the contract for default, and debarment or suspension from future HUD assisted contracts.

## RECORDKEEPING & REPORTING

To report Section 3 data, KCCD recipients and contractors must analyze the number of labor hours worked on a Section 3 project, how many labor hours were worked by Section 3 Workers, and how many labor hours worked were by Targeted Section 3 Workers. Even if no labor hours worked were by Section 3 or Targeted Section 3 workers, this information must be reported to KCCD.

For all Section 3 projects employing Section 3 workers or Targeted Section 3 workers, the recipient/contractor must maintain one of the following (in order of priority) to demonstrate Section 3 status of the worker:

1. Self-certification form (Appendix E) If the worker's household income is less than 80% of area median income, they are considered a Section 3 worker. Income limits are provided annually by KCCD.
2. Certification from an employer that the worker's income from the employer is within the income limits if annualized. This may be recorded and affirmed on the Contractor's Report found in Appendix F. Instructions for using the Contractor's Report are contained within the Report.
3. Certification from an employer that the worker is employed by a Section 3 business concern. This can be demonstrated by a contractor's submission of the Section 3 Business Certification (Appendix G) AND the Contractor's report.
4. Certification from a PHA that the worker is a participant in one of its programs.

Please use the appropriate Certification Forms, found in the appendix to this chapter.



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To report Section 3 data to KCCD, recipients and contractors are encouraged to utilize the Contractor's Report, provided by KCCD, to record labor hours worked and hours worked by Section 3 and Targeted Section 3 workers. Even if no Section 3 Workers were utilized, this report must be completed and submitted to KCCD at the completion of each project.

In addition, recipients and contractors will be required to report an aggregate of *all* labor hours worked and Section 3 hours worked annually to KCCD. This report will be submitted in a manner prescribed by KCCD and will be due by June 30<sup>th</sup> of each year. Recipients will also need to report Section 3 accomplishments and/or provide a detailed explanation of why Section 3 goals were not met and indicate efforts made to identify and engage Section 3 Workers and Businesses. This data may be collected using the Contractor's Report found in the appendix to this Chapter and aggregated annually for submission to KCCD.

### SECTION 3 COMPLAINT POLICY

As a general policy statement, Knox County Community Development (KCCD) will investigate any complaints of non-compliance with Section 3 requirements thoroughly. Complaints should be directed to:

Jennifer Slaiman  
Community Development Division Director  
400 Main Street, Suite 630  
Knoxville, TN 37902  
[Jennifer.Slaiman@knoxcounty.org](mailto:Jennifer.Slaiman@knoxcounty.org)

Complainants about Section 3 non-compliance can also be directed to the Knoxville Office of the U.S. Department of Housing and Urban Development:

Section 3 Coordinator  
U.S. Dept. of Housing and Urban Development  
John J. Duncan Federal Building  
710 Locust Street, Third Floor  
Knoxville, TN 37902-2526  
Phone: (865) 545-4370



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## **APPENDIX A – SECTION 3 BOILERPLATE LANGUAGE FOR CONTRACTS, PUBLIC NOTICES, & ADVERTISEMENTS**

### **PURPOSE**

Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u) (Section 3) requires KCCD to ensure that employment and other economic and business opportunities generated by the Department of Housing and Urban Development (HUD) financial assistance, to the greatest extent feasible, are directed to public housing residents and other low-income persons, particularly recipients of government housing assistance, and business concerns that provide economic opportunities to low- and very-low income persons.

### **GENERAL POLICY STATEMENT**

It is the policy of Knox County Community Development (KCCD) to require its contractors to provide equal employment opportunity to all employees and applicants for employment without regard to race, color, religion, sex, national origin, disability, veteran's or marital status, or economic status and to take affirmative action to ensure that both job applicants and existing employees are given fair and equal treatment.

KCCD implements this policy in part through the awarding of contracts to contractors that create employment and business opportunities for qualified low- and very low-income persons residing in the Knoxville metropolitan area.



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## APPENDIX B – SECTION 3 DEFINITIONS

**Applicant** – Any entity which makes an application for Section 3 covered assistance, and includes, but is not limited to, any State, unit of local government, public housing agency 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.

**Business Concern** – 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.

**Contractor** - any entity which contracts to perform work generated by the expenditure of Section 3 covered assistance, or for work in connection with a Section 3 covered project.

**Developer** – For-profit and non-profit entities that apply to KCCD for funds to construct homes and apartments on KCCD-owned land and to rehabilitate once-KCCD-owned buildings. Developers – like contractors – are subject to Section 3 compliance for work performed in connection with a Section 3 covered project.

**Employment Opportunities Generated by Section 3 Covered Assistance** – all employment opportunities generated by the expenditure of Section 3 covered public assistance (i.e., operating assistance, development assistance and modernization assistance, (as described in Section 135.3 (a) (1)). With respect to Section 3 covered housing and community development assistance, this term means all employment opportunities arising in connection with Section 3 covered projects (as described in Section 135.3 (a) (2)), including management and administrative jobs. Management and administrative jobs include architectural, engineering, or related professional services required to prepare plans, drawings, specifications, or work write-ups; and jobs directly related to administrative support of these activities, e.g., construction manager, relocation specialist, payroll clerk, etc.

**Grantee/Recipient** – 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, 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.

**Housing Development** – low-income housing owned, developed, or operated by Knox County Community Development or its' grantees in accordance with HUD's regulations.

**Labor hours**: the number of hours paid by persons on a Section 3 project or employed with funds that include public housing financial assistance



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**Low-income person** – families (including single persons) whose incomes do not exceed 80% of the median income for the area, adjusted for household size.

**Section 3** – Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u).

**Section 3 Business Concern** – a business that meets at least one of the following criteria, documented within the last six-month period:

- 1) At least 51% owned and controlled by low- or very low-income persons; OR
- 2) Over 75% of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; OR
- 3) A business at least 51% owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

**Section 3 Covered Assistance** –

- 1) Public housing development assistance provided pursuant to Section 5 of the 1937 Act;
- 2) Public housing operating assistance provided pursuant to Section 9 of the 1937 Act;
- 3) Public housing modernization assistance provided pursuant to Section 14 of the 1937 Act;
- 4) Assistance provided under any HUD housing or community development program that is expended for work arising in connection with housing rehabilitation, construction, or other public construction project (which includes other buildings or improvements, regardless of ownership).

**Section 3 Clause** – the contract provisions set forth in Section 135.38.

**Section 3 Covered Contracts** – a contract or subcontract in the amount of \$200,000 or more (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project. Section 3 covered contracts do not include contracts awarded under HUD's procurement program, which are governed by the Federal Acquisition Regulation (FAR).

**Section 3 Covered Projects** – a KCCD-sponsored project (in a KCCD new construction, finance, or rehabilitation program) that is receiving KCCD funds equivalent to or more than \$200,000.



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**Service area or neighborhood of the project:** an area within one mile of the Section 3 project, or if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census

**Subcontractor** – any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor’s obligation for the performance of work generated by the expenditure of Section 3 covered assistance, or arising in connection with a Section 3 covered project.

**Very low-income person** – families (including single persons) whose income do not exceed 50% of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50% of the median for the area on the basis of the Secretary’s findings that such variations are necessary because of unusually high or low family incomes.

**YouthBuild** – a community-based pre-apprenticeship program that provides job training and educational opportunities for at-risk youth ages 16-24 who have previously dropped out of high school.



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## APPENDIX C – EXAMPLES OF OUTREACH EFFORTS TO OFFER CONTRACTING, TRAINING, & EMPLOYMENT OPPORTUNITIES TO SECTION 3 WORKERS

1. Advertising the jobs to be filled through the local media, such as community television networks, newspapers of general circulation, and radio advertising.
2. Advertising the training and employment positions by distributing flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) to public housing units and common areas of all developments within the project's service area.
3. Working with HCV program to inform voucher holders in the service area of opportunities for training and employment.
4. Utilizing HUD Opportunity Portal and Section 3 Business Registry to post employment opportunities, or to find Section 3 Businesses and/or Workers in the project's service area
5. Referring Section 3 workers to local career service agency or other providers that offer resume building, interview preparation, job search and placement, financial literacy or other job readiness services.
6. Referring Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, childcare).
7. Conducting job interviews at the housing development or developments where Section 3 workers reside, or at a location within the neighborhood or service area of the section 3 project.
8. Contacting agencies administering HUD YouthBuild programs, and requesting their assistance in recruiting HUD YouthBuild program participants for any training and employment opportunities.
9. Holding one or more job fairs.
10. Providing assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.



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## APPENDIX D – EXAMPLES OF EFFORTS TO AWARD CONTRACTS TO SECTION 3 BUSINESSES

1. Advertising contracting opportunities by posting notices, which provide general information about the work to be contracted and where to obtain additional information, in the common areas or other prominent areas of the housing development or developments owned and managed by the HA.
2. Utilizing HUD Opportunity Portal and Section 3 Business Registry, and Tennessee DOT Disadvantaged Business Registry to identify Section 3 Businesses in the project's service area and providing written notice of the contracting opportunity or sending invitations to bid directly to those businesses
3. Following up with section 3 business concerns that have expressed interest in the contracting opportunities by contacting them to provide additional information on the contracting opportunities.
4. Provided technical assistance to help Section 3 business concerns understand and bid on contracts.
5. Advising section 3 business concerns as to where they may seek assistance to overcome limitations such as inability to obtain bonding, lines of credit, financing, or insurance.
6. Where appropriate, breaking out contract work items into economically feasible units to facilitate participation by section 3 business concerns.
7. Contacting agencies administering HUD YouthBuild programs, and notifying these agencies of the contracting opportunities.
8. Encouraging financial institutions, in carrying out their responsibilities under the Community Reinvestment Act, to provide no or low interest loans for providing working capital and other financial business needs.



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### SECTION 3 WORKER CERTIFICATION

A Section 3 Worker seeking preference in training and employment must certify eligibility (as defined in Section 75.5) by residency and household income. Please certify below and submit documentation of eligibility to the recipient contractor or subcontractor.

I, \_\_\_\_\_, am a legal resident of \_\_\_\_\_,  
(Worker Name) (Community Name)

and meet the income eligibility guidelines for low- or very low-income person as published below (please mark the size and income limit that apply to your household):

<b>Please check below the size and income limit that apply to your household</b>	<b>Number in Household</b>	<b>Low Income</b> <i>Under 80% of Area Median Income</i>
<input type="checkbox"/>	1 individual	
<input type="checkbox"/>	2 individuals	
<input type="checkbox"/>	3 individuals	
<input type="checkbox"/>	4 individuals	
<input type="checkbox"/>	5 individuals	
<input type="checkbox"/>	6 individuals	
<input type="checkbox"/>	7 individuals	
<input type="checkbox"/>	8 individuals	

My permanent address is:

\_\_\_\_\_

I have attached the following Section 3 Worker documentation:

- ☐ Copy of lease/mortgage or other acceptable verification indicating current address
- ☐ Copy of receipt of public housing or Section 8 assistance
- ☐ Copy of public assistance documentation
- ☐ Copy of annual income documentation
- ☐ Other: \_\_\_\_\_

I affirm that the information contained in this report, including the above statements, are true, complete, and correct to the best of my knowledge and belief. Any false statements made knowingly and willfully may subject the signer to penalties under Section 1010 of Title 18 of the United States Code.

\_\_\_\_\_  
Worker's Signature

\_\_\_\_\_  
Date



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## SECTION 3 BUSINESS CERTIFICATION

*- To be completed by the business claiming Section 3 business status.*

All contracts and subcontracts awarded on Section 3 covered projects must be reported in aggregate on the Section 3 Summary Report. For all businesses reported as being Section 3 Businesses, documentation of their status must be retained in the project files. KCCD considers this form adequate documentation of Section 3 status.

Projects that receive \$200,000 or more in HUD funds are “Section 3 projects”. Contractors are required to report on all contracts they make both with Section 3 Businesses and with businesses that are not Section 3 Businesses.

This form is a tool to determine and document the Section 3 Business status. Documentation of the status of Section 3 Businesses should be retained in the project files.

### Business being certified:

Company: \_\_\_\_\_

Address: \_\_\_\_\_

### Project information:

Project Name: \_\_\_\_\_

Project Address: \_\_\_\_\_

### Section 3 determination

1. Is your business owned (51% or more) by individuals whose household incomes are NO GREATER THAN 80% of Area Median Income (AMI)\* OR by individuals that are current public housing residents or current residents of Section 8-assisted housing?  
( ) Yes ( ) No
2. Within the last three months, have 75% of all labor hours performed been performed by individuals whose household incomes are no greater than 80% of Area Median Income (AMI)?  
( ) Yes ( ) No

If any of the questions above are marked “yes”, the business qualifies as a Section 3 business.

I certify that the above statements are true, complete, and correct to the best of my knowledge and belief.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_ Date: \_\_\_\_\_



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