

SECTION 3 INFORMATION FOR CONTRACTORS AND SUBCONTRACTORS

The following information has been developed to give to contractors and subcontractors to explain CHA's Section 3 program. The attached forms are for the purpose of administering this Section 3 program and shall be used by bidders/proposers and by CHA monitors in their efforts to comply with certification and administrative requirements of Section 3. Additional copies of any Section 3 forms referenced within this Section 3 program may be obtained by contacting the Authority's Section 3 Coordinator.

Also included are income limits for use in determining Section 3 employee eligibility.

“THE SECTION 3 CLAUSE”

A. Authority. 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) and 24 CFR Part 75. 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. Contracting, Contract Certification and Compliance. 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. Specifically, contracts must be:

1. Consistent with existing Federal, state or local laws and regulation, PHAs and other recipients of public housing financial assistance and their contractors and subcontractors must make their best efforts to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 workers.
2. PHAs and other recipients, and their contractors and subcontractors, in the following order of priority:
 - (a) To Section 3 business concerns that provide economic opportunities for residents of the public housing development for which assistance is provided;
 - (b) To Section 3 business concerns that provide economic opportunities for residents of other public housing developments or Section 8-assisted housing managed by the PHA that is providing the assistance;
 - (c) To YouthBuild programs; and
 - (d) To Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or non-metropolitan counties) in which the assistance is provided.

C. Notice. The contractor shall send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other contract or understanding, if any, a notice advising the labor organization or workers’ representative of the contractor’s commitments under this *Section 3 Clause* and shall 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. Subcontracts. 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 the applicable provision of the subcontract or in this *Section 3 Clause* upon finding that the subcontractor is in violation of the regulations in 24 CFR Part 75.

E. Employment and Training Opportunities. The contractor will certify that any vacant employment positions, including training positions, that are filled after the contractor is selected but before the contract is executed and with persons other than those to whom the regulations of 24 CFR require employment opportunities to be directed, were not filled to circumvent the contractor’s obligations under 24 CFR Part 75.

Specifically, the contract shall be consistent with existing Federal, state and local regulations. PHAs or other recipients receiving public housing financial assistance, as well as their contractors and subcontractors, must make their best efforts to provide employment and training opportunities generated

by the public housing financial assistance to Section 3 workers. These best efforts must apply to the Section 3 workers in the following order of priority:

1. To residents of the public housing development for which the public housing financial assistance is expended;
2. To residents of other public housing developments managed by the PHA that is providing the assistance or for residents of Section 8-assisted housing managed by the PHA;
3. To participants in YouthBuild programs; and
4. To low- and very low-income persons residing within the metropolitan area (or nonmetropolitan counties) in which assistance is expended.

F. Noncompliance. 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.

I hereby certify that (company name) _____, as Contractor on Section 3 covered project, shall comply with the Section 3 requirements as set forth above.

Typed Name: _____

Title: _____

Signature: _____

Date: _____

Chattanooga Housing Authority

SECTION 3 HIRING AND CONTRACTING

POLICY

Chattanooga Housing Authority (CHA) and its Contractors have an obligation to implement positive or “best effort” steps to recruit, employ, and utilize CHA Residents and other eligible Section 3 persons and businesses in connection with HUD-funded work. Therefore, the Authority’s Board of Commissioners has established employment and contracting goals, along with incentives, policies and sanctions intended to facilitate the attainment of those goals. The Section 3 Policy and required forms and documentations are as referenced in this clause and shall be available upon request at the office of CHA from the Section 3 Coordinator. All requests for Section 3 consideration of incentives shall be made a minimum of one week prior to bid opening or proposal deadline.

A. Definitions:

A Section 3 Business is a business concern meeting at least one of the following criteria, documented within the last 6-month period:

- A business concern that is 51% or more owned and controlled by low- or very low-income persons; or
- A business concern where over 75% of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
- A business at least 51% owned and controlled by current public housing residents or residents who currently live in Section 8 housing.

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:

- The worker’s income for the previous or annualized calendar year is below the income limit established by HUD; or
- The worker is employed by a Section 3 business concern; or
- The worker is a YouthBuild participant.

A Targeted Section 3 Worker for public housing financial assistance is a Section 3 worker who is:

- A worker employed by a Section 3 business concern or;
- A worker who currently fits or when hired fit at least one of the following categories, as documented within the last 5 years:
 - A resident of public housing or Section 8-assisted housing or;
 - A resident of other public housing developments or Section 8-assisted housing managed by the PHA that is providing the assistance; or
 - A YouthBuild participant.

B. Contractor/Subcontractor Goal for Hiring Section 3 Workers:

Consistent with existing Federal, state and local laws and regulations, contractors and subcontractors receiving public housing financial assistance must make their best efforts to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 workers.

C. Section 3 Business Contracting:

CHA requires that Primary Contractors award, or make a good faith effort award contract and subcontracts in the following priority:

- To Section 3 business concerns that provide economic opportunities for residents of the public housing development for which the assistance is provided;
- To Section 3 business concerns that provide economic opportunities for residents of other public housing developments or Section 8 assisted housing managed by the PHA that is providing the assistance;
- To YouthBuild programs; and
- To Section 3 business concerns that provide economic opportunities to Section 3 workers resident within the metropolitan area (or nonmetropolitan county) in which the assistance is provided.
- Nothing in this document shall be construed to require the contracting or subcontracting of a Section 3 business concern. Section 3 businesses are not exempt from meeting the specifications of the contract.

ACHIEVING COMPLIANCE IN HIRING SECTION 3 WORKERS

A Contractor must employ certified Section 3 workers if they wish to claim credit toward the attainment of Section 3 employment targets. A clearinghouse for the certification and placement of bona fide Section 3 residents will be maintained by CHA. CHA keeps a current list of certified residents who are interested in Section 3 employment.

At a minimum, Contractors must take the following steps in an effort to meet the goals for hiring Section 3 workers:

- Give priority to Section 3 and Targeted Section 3 workers residing at the site where the contract work is being done.
- Review the list of Section 3 workers and contact those with the appropriate skills and qualifications to be interviewed.
- Interview the Section 3 workers and hire those that meet the qualifications for the job, and notify the CHA of your selections. Nothing in this document shall be construed to require

the employment of a person who qualifies as a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of the job to be filled.

In the event the above steps are unsuccessful in meeting the Section 3 targets, the Contractor is urged to take one or more of the following steps to show a good faith effort:

- Advertise employment and training positions to dwelling units occupied by Section 3 residents.
- Contact resident councils and other resident organizations in the affected housing developments to request assistance in notifying residents of the training and employment positions to be filled.
- Conduct outreach in areas occupied by low-income persons.
- Arrange and conduct interviews on the job site or at other locations convenient to the Section 3 residents.
- Enter into “first source” hiring agreements with organizations representing Section 3 residents.
- Establish training programs, which are consistent with the requirements of the Department of Labor, specifically for Section 3 residents in the building trades.
- Undertake such continued job training efforts as may be necessary to ensure the continued employment of Section 3 residents previously hired for employment opportunities.

If the Contractor is only able to meet the Section 3 resident hiring targets through the employment of non-Public Housing or non-Section 8 workers, the Contractor must present documentation of the employee’s eligibility as a Section 3 resident at submission of the first payroll report. Proof of residency in Hamilton, Marion or Sequatchie counties in TN or Catoosa, Dade or Walker counties in GA and certification as a low or very-low income person residing in these counties must be documented. CHA shall verify the eligibility of all Section 3 workers prior to authorizing payment of the project invoice to which the payroll report applies.

ACHIEVING COMPLIANCE IN CONTRACTING WITH SECTION 3 BUSINESSES

CHA will maintain a current listing of Certified Section 3 Businesses. The City of Chattanooga’s Office of Multicultural Affairs maintains a list of local Minority/Women/Disadvantaged (M/W/D) business concerns. All bidders shall be given a copy of CHA’s list of Section 3 Business concerns and contact information for the Office of Multicultural Affairs.

At a minimum, Contractors must take the following steps in an effort to meet the goals for contracting with Section 3 Businesses:

- Inform the appropriate Section 3 businesses of contracting opportunities in connection with the bid or contract, and invite them to submit bids/quotations, or to enter into contract negotiations. If the Contractor is not aware of the appropriate qualified Section 3 Businesses the current list of Certified Section 3 Businesses should be obtained from CHA.

- First provide opportunities to Section 3 businesses to submit quotes, bids, or enter into negotiated subcontracts.

In the event the above steps do not result in meeting the targets for contracting with Section 3 businesses, the Contractor is urged to take one or more of the following steps, sufficient to meet the goals or to show a good faith effort to do so:

- Contact business assistance agencies, minority contractors' associations and community organizations to inform them of the contracting opportunities and request their assistance in identifying Section 3 businesses which may submit bids for a portion of the work.
- Advertise contracting opportunities by posting notices in the common areas of the applicable development(s) owned and managed by CHA. Such notices are to provide general information about the work to be contracted and where to obtain additional information.
- Provide written notice of contracting opportunities to all known Section 3 business concerns. This notice should be provided in sufficient time to allow the Section 3 business concerns to respond to bid invitations.
- Follow up with Section 3 business concerns that have expressed interest in the contracting opportunities.
- Coordinate meetings at which Section 3 business concerns could be informed of specific elements of the work for which subcontract bids are being sought.
- Where appropriate, break out contract work into economically feasible units to facilitate participation by Section 3 businesses.
- Support and undertake joint ventures with Section 3 businesses.

CERTIFICATION AS A SECTION 3 BUSINESS

CHA certifies businesses seeking recognition as a Section 3 Business concern. Any business concern seeking Section 3 preference in the awarding of non-construction contracts or purchase agreements must complete the appropriate certification request forms and provide proof of eligibility for the Section 3 Certification. In order to receive Section 3 Business points, the certification as a Section 3 Business Concern must have been granted one week prior to the deadline for bids or proposals.

- Contractors may pick up *certification packets* from the Section 3 Coordinator's office. Packets are also distributed at the pre-bid conferences and are included or referenced in the solicitation packages.
- Upon request, the Section 3 Coordinator shall provide information and assistance to interested parties in completing the forms required for certification.

- Contractors must return all required forms and documentation for certification as a Section 3 business **not less than one week** before the closing date and time for the RFP or RFQ if the business wishes to receive certification for that submission.
- CHA shall review the documentation and determine whether the Contractor meets the requirements for a Section 3 Business. If it does, the Contractor shall receive a letter of Certification.
- Contractors who are denied certification may file an appeal with the Section 3 Coordinator within 10 days of the denial.

ACKNOWLEDGMENT OF SECTION 3 REQUIREMENTS

All Contractors submitting bids/proposals to CHA shall be required to complete a Statement of Efforts to Fully Comply with Employment and Training Provisions of Section 3. Such Statement must be accompanied by adequate evidence to support representations made. Such evidence shall include completed copies of the appropriate CHA forms pertaining to the Contractor's estimates of Section 3 hiring and contracting.

GREIVANCE PROCEDURE

CHA desires to offer to concerned parties a procedure whereby complaints alleging noncompliance with the Section 3 statute can receive prompt and equitable hearing and resolution. Grievances surrounding CHA's Section 3 program may be submitted in writing to the Section 3 Coordinator. Contact the Section 3 Coordinator for requirements.

**INCOME LIMITS
FOR CHATTANOOGA, TENNESSEE-GEORGIA MSA
FY 2022**

EXTREMELY LOW-INCOME	\$15,800
VERY LOW-INCOME	\$26,350
LOW-INCOME	\$42,150

FY 2022 MEDIAN FAMILY INCOME FOR **CHATTANOOGA, TN-GA MSA**: \$75,200

NOTE: Hamilton County is part of the **Chattanooga, TN-GA MSA**, so all information presented here applies to all of the **Chattanooga, TN-GA MSA**. The **Chattanooga, TN-GA MSA** contains the following areas: Catoosa County, GA; Dade County, GA; Walker, GA; Hamilton County, TN; Marion County, TN; and Sequatchie County, TN.

The FY 2014 Consolidated Appropriations Act changed the definition of Extremely Low-Income to be 30/50ths (60%) of the Section 8 Very Low-Income limit or the poverty guideline as established by the Department of Health and Human Services (HHS), provided that this amount is not greater than the Section 8 50% Very Low-Income limit. Consequently, the Extremely Low-Income limits may equal the (50%) Very Low-Income limits. (Prorated by family size)

For details on the calculation steps for each of the various parameters, go to <https://www.huduser.gov/portal/datasets/il.html>. Income Limit areas are based on FY 2021 Fair Market Rent (FMR) areas. For information on FMR's, please see HUD's associated FY 2021 [Fair Market Rent documentation system](#).

ESTIMATED PROJECT WORK FORCE BREAKDOWN

Contractor/Subcontractor: _____

Project Name/Site: _____ Project #: _____

Person Completing Form: _____ Date: _____

Job Category	Total Estimated Positions Needed for Project	No. of Positions Occupied by Permanent Employees	No. of Positions Occupied by Section 3 Workers	No. of Positions Occupied by Targeted Section 3 Workers
Officer/Supervisors				
Professionals				
Technical				
Hsg. Sales/Rental Mgmt.				
Office/Clerical				
Service Workers				
Others				
TRADE:				
Journeyman				
Helpers				
Apprentices				
Trainees				
Others				
TRADE:				
Journeyman				
Helpers				
Apprentices				
Trainees				
Others				
<i>To list manpower requirements for additional trades, please use an additional form</i>				

PROPOSED CONTRACTS/SUBCONTRACTS BREAKDOWN

Contractor: _____ Project Name/Site: _____ Project #: _____

Person Completing Form: _____ Date: _____

Type of Contract (Business or Professional)	Total #	Est. # of Contracts to Section 3 Businesses

ACTUAL PROJECT WORKFORCE BREAKDOWN

Contractor/Subcontractor: _____

Project Name/Site: _____ Project #: _____

Person Completing Form: _____ Date: _____

Job Category	Total Positions Utilized for Project	No. of Positions Occupied by Permanent Employees	No. of Section 3 Workers	No. of Targeted Section 3 Workers
Officer/Supervisors				
Professionals				
Technical				
Hsg. Sales/Rental Mgmt.				
Office/Clerical				
Service Workers				
Others				
TRADE:				
Journeyman				
Helpers				
Apprentices				
Trainees				
Others				
TRADE:				
Journeyman				
Helpers				
Apprentices				
Trainees				
Others				
TOTALS				

¹ Includes Section 3 Workers assigned to this project that were already working for Contractor

SECTION 3 BUSINESS UTILIZATION

Project Number: _____

Name of Prime Contractor: _____ Address: _____ Federal Identification No: _____

SUBCONTRACTOR	Section 3 ¹	ADDRESS/PHONE	TRADE OR SERVICE	AWARD DATE	FEDERAL ID #

¹ Check if Subcontractor is a Section 3 Business Concern

CHATTANOOGA HOUSING AUTHORITY

Certification for Business Concerns Seeking Section 3 Preference

Name of Business: _____

Address of Business: _____

Type of Section 3 Business:

- Corporation Partnership
 Sole Proprietorship Joint Venture

Name & Address of Section 3 Resident(s) in 51% ownership position:

ATTACHED IS THE FOLLOWING DOCUMENTATION AS EVIDENCE OF SECTION 3 STATUS (½ AS APPROPRIATE):

For business claiming status as a Section 3 resident-owned enterprise:

- Copy of resident lease with Chattanooga Housing Authority
 Copy of receipt of public assistance
 Copy of evidence of participation in a public assistance program
 Other evidence as appropriate

For the business entity as applicable:

- Copy of Articles of Incorporation
 Assumed business Name Certificate
 List of owners/stockholders and % ownership of each owner
 Organizational chart w/names, titles & brief functional statement
 Certificate of Good Standings
 Partnership Agreement
 Corporation Annual Report
 Latest Board minutes appointing officers
 Additional documentation

For business claiming Section 3 status, claiming at least 75% percent of their workforce labor hours are performed by Section 3 workers

- List of all current full-time employees
 List of all employees claiming Section 3 status
 PHA residential lease (less than 3 years from day of employment)
 Other evidence of Section 3 status (less than 3 years from date of employment)

Evidence of ability to perform successfully under the terms and conditions of the proposed contract:

- Current financial statement
- List of owned equipment
- Statement of ability to comply with public policy
- List of all contracts for the past two years

Attested by: _____

Name: _____

Date: _____

Authorizing Name & Signature

For CHA Use Only:

Certified as Section 3 Business? Yes No Date: _____

Verification Status:

- Ownership by 51% Low Income persons
- 75% labor hours performed by Sec 3 persons
- Ownership by 51% public housing or Section 8 residents

CHATTANOOGA HOUSING AUTHORITY SECTION 3 PROGRAM

*Contractor Certification of Efforts to Fully Comply With
Employment and Training Provisions of Section 3*

Name of Firm: _____

Address: _____

Name of Principle: _____

The bidder represents and certifies as part of its bid/offer that it:

- Is a Section 3 Business concern.** *A Section 3 Business concern means a business concern:*
 1. That is 51% or more owned or 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. The business is at least 51% owned or controlled by current public housing residents or current residents of Section 8-assisted housing.

- Is Not a Section 3 Business concern, but has and will continue to seek compliance with Section 3 by certifying to the following efforts to be undertaken.**

EFFORTS TO AWARD SUBCONTRACT TO SECTION 3 CONCERNS:

(Check ALL that apply)

_____ By contacting business assistance agencies, minority contractors associations and community organizations to inform them of the contracting opportunities and requesting their assistance in identifying Section 3 businesses which may solicit bids for a portion of the work.

_____ By 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 of the applicable development(s) owned and managed by the Housing Authority.

_____ By providing written notice to all known Section 3 business concerns of contracting opportunities. This notice should be in sufficient time to allow the Section 3 business concerns to respond to bid invitations.

_____ By following up with Section 3 business concerns that have expressed interest in the contracting opportunities.

_____ By coordinating meetings at which Section 3 business concerns could be informed of specific elements of the work for which subcontract bids are being sought.

- _____ By conducting workshops on contracting procedures and specific contracting opportunities in a timely manner so that Section 3 business concerns can take advantage of contracting opportunities.
- _____ By advising Section 3 business concerns as to where they may seek assistance to overcome barriers such as inability to obtain bonding, lines of credit, financing, or insurance, and aiding Section 3 businesses in qualifying for such bonding, financing, insurance, etc.
- _____ Where appropriate, by breaking out contract work into economically feasible units to facilitate participation by Section 3 businesses.
- _____ By developing and utilizing a list of eligible Section 3 business concerns.
- _____ By actively supporting and undertaking joint ventures with Section 3 businesses.

EFFORTS TO PROVIDE TRAINING AND EMPLOYMENT TO SECTION 3 WORKERS
(Check ALL that apply)

- _____ By entering into "first source" hiring agreements with organizations representing Section 3 workers.
- _____ By establishing training programs which are consistent with the requirements of the Department of Labor, specifically for Section 3 workers, in the building trades.
- _____ By advertising employment and training positions to occupants of public housing developments.
- _____ By contacting resident councils and other resident organizations in the affected housing development to request assistance in notifying residents of the training and employment positions to be filled.
- _____ By arranging and conducting interviews on the job site.
- _____ By undertaking such continued job training efforts as may be necessary to ensure the continued employment of Section 3 residents previously hired for employment opportunities.

I hereby certify that the above statements are true and correct representations of the bidder's/offeree's efforts to comply with the training and employment provisions of Section 3.

Signature: _____

Date: _____

CHATTANOOGA HOUSING AUTHORITY

SECTION 3 PROGRAM

Request for Person Seeking Section 3 Certification for Training and Employment

I, _____, am/am not (circle one) a legal resident of the Chattanooga, TN-GA Metropolitan Statistical Area

My Permanent Address: _____

INCOME LIMITS FOR HAMILTON COUNTY, TENNESSEE (Effective FY 2022)

EXTREMELY LOW-INCOME	\$15,800
VERY LOW-INCOME	\$26,350
LOW-INCOME	\$42,150

Based on these income limits I am a Section 3 Resident. Yes ___ No ___

I have attached the following documentation as evidence of my status:

- Copy of Lease Copy of receipt of public assistance
 Copy of evidence of participation in a public assistance program Other evidence

SIGNATURE _____

DATE: _____

For CHA Use Only:

Verification Status:

- Public Housing Resident (Name of Development) _____
 Low-Income Hamilton County/MSA Resident
 Youth Build Participant

Certified as Section 3 Resident? Yes No Date: _____
 Section 3 Worker
 Targeted Section 3 Worker