

## Sample Contract Appendix No. 9, Section 3 Plan (QSP Attachment C-9)

Contract No. \_\_\_\_\_ Contractor: \_\_\_\_\_

This Section 3 Plan pertaining to the above noted contract is hereby formulated to meet the standards detailed within 24 CFR 135 and 2 CFR 200; most specifically within Section 135.1, to "ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, . . . be directed to low- and very-low income persons, particularly those who are recipients of government assistance for housing . . ."

### Part 1.0 - Current Status as a Section 3 Business Concern

We hereby complete the following to verify our firm's current status as a "section 3 business concern" (as detailed within 24 CFR 135.5 and 2 CFR 200):

- 1.1 Yes\_\_ No\_\_: Our firm is "51 percent or more owned by section 3 residents." If "Yes," we hereby submit the following noted documentation to verify this claim; if "No," proceed directly to the following Section 1.2.

[Table No. 1]

(1) Section	(2) Mark "X"* if Included	(3) Description
2.1.1		Agency resident lease
2.1.2		Evidence of participation in a public assistance program
2.1.3		Articles of Incorporation
2.1.4		Fictitious or Assumed Business Name Certificate
2.1.5		List of owners/stockholders and % of each
2.1.6		Latest Board minutes appointing officers
2.1.7		Organization chart with names and titles and brief functional statement
2.1.8		Partnership Agreement
2.1.9		Corporation Annual Report

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1.2 Yes\_\_ No\_\_: Our firm's "permanent, full-time employees include persons, at least 30 percent of whom are currently section 3 residents, or within three years of the date of first employment with the business concern were section 3 residents." If "Yes," to justify this claim we hereby submit the following documentation within Table No. 2; if "No," proceed directly to the following Section 1.3.

1.2.1 Low- and very low-income within Knox County, IL, is defined as residents within the following income levels for FY 2020 (Median Income = \$61,300):

[Table No. 2]

Income Limit Category	(1) Person	(2) Persons	(3) Persons	(4) Persons	(5) Persons	(6) Persons	(7) Persons	(8) Persons
Very Low (50%)	\$23,700	\$27,100	\$30,500	\$33,850	\$36,600	\$39,300	\$42,000	\$44,700
Extremely Low (30%)	\$14,250	\$17,240	\$21,720	\$26,200	\$30,680	\$35,160	\$39,640	\$44,120
Low (80%)	\$37,950	\$43,350	\$48,750	\$54,150	\$58,500	\$62,850	\$67,150	\$71,500

Income Limit figures are based on FY2020 Fair Market Rent (FMR). For a detailed account of how these limits are derived, please see our associated FY2020 FMR documentation.

[Table No. 3]

(1) Classification	(2) Total Number of Current Permanent Employees	(3) Total Number of Section 3 Resident Employees
Trainees		
Apprentices		
Journeypersons		
Laborers		
Supervisory		
Superintendent		
Professional		
Clerical		
Other:		

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1.2.1 If there are quantities entered within the above Table No. 1, we hereby attach a listing of all employees listed within column (3), including each person's name, total annual income, and a copy of a tax return for each justifying the section 3 (low or very-low income) claim (please be sure to "black-out" all but the last 4 digits of the person(s) social security number).

1.3 Yes\_\_ No\_\_: We hereby provide 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 qualifications set forth in paragraphs (1) or (2) in this definition of "section 3 business concern."

[Table No. 4]

(1)	(2)	(3)
Name of Section 3 Firm Receiving the Subcontract	Total Amount of Subcontract(s)	Percentage the Subcontract(s) is/are of the Total Proposed Contract Amount
	\$	%
	\$	%

1.3.1 Attach fully executed copies of any contracts noted above.

1.3.2 Proof of the income of the ownership of the Section 3 firm receiving the subcontract, such as a copy of the last tax return for the owner(s) (please be sure to "black-out" all but the last 4 digits of the person(s) social security number).

1.4 **INSTRUCTIONS FROM THE AGENCY.** If your firm is unable to claim Section 3 status as detailed within this Part 1.0, please move on to and complete the information within the following Part 2.0.

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**Part 2.0 - Additional Efforts to Satisfy the Requirements of Section 3**

- 2.1 Whereas the answer to each of the preceding issues within Part 1.0 is "No," we hereby verify as to each of the following "Examples of Efforts To Offer Training and Employment Opportunities to Section 3 Residents" detailed within Appendix I of 24 CFR 135; specifically, in each case our firm (for each item marked with an "X" within the "Will" column, attach a full narrative description of the work plan detailed how the noted commitment will be accomplished):

[Table No. 5]

(1) Section	(2) Will	(3) Will Not	(4) Description of Commitment (if marked within the "Will" Column)
2.1.1			Enter into "first source" hiring agreements with organizations representing Section 3 residents.
2.1.2			Sponsor a HUD-certified "Step-Up" employment and training program for section 3 residents.
2.1.3			Establish training programs, which are consistent with the requirements of the Department of Labor, for public and Indian housing residents and other section 3 residents in the building trades.
2.1.4			Advertise 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 every occupied dwelling unit in the housing development or developments where category 1 or category 2 persons (as these terms are defined in §135.34) reside.
2.1.5			Advertising the training and employment positions by posting flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) in the common areas or other prominent areas of the housing development or developments. For the Agency, post such advertising in the housing development or developments where category 1 or category 2 persons reside; for all other recipients, post such advertising in the housing development or developments and transitional housing in the neighborhood or service area of the section 3 covered project.
2.1.6			Contacting resident councils, resident management corporations, or other resident organizations, where they exist, in the housing development or developments where category 1 or category 2 persons reside, and community

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			organizations in HUD-assisted neighborhoods, to request the assistance of these organizations in notifying residents of the training and employment positions to be filled.
2.1.7			Sponsoring (scheduling, advertising, financing or providing in-kind services) a job informational meeting to be conducted by the Agency or Contractor representative or representatives at a location in the housing development or developments where category 1 or category 2 persons reside or in the neighborhood or service area of the section 3 covered project.
2.1.8			Arranging assistance in conducting job interviews and completing job applications for residents of the housing development or developments where category 1 or category 2 persons reside and in the neighborhood or service area in which a section 3 project is located.
2.1.9			Arranging for a location in the housing development or developments where category 1 persons reside, or the neighborhood or service area of the project, where job applications may be delivered to and collected by a recipient or Contractor representative or representatives.
2.1.10			Conducting job interviews at the housing development or developments where category 1 or category 2 persons reside, or at a location within the neighborhood or service area of the section 3 covered project.
2.1.11			Contacting agencies administering HUD Youthbuild programs, and requesting their assistance in recruiting HUD Youthbuild program participants for the Agency's or Contractor's training and employment positions.
2.1.12			Consulting with State and local agencies administering training programs funded through JTPA or JOBS, probation and parole agencies, unemployment compensation programs, community organizations and other officials or organizations to assist with recruiting Section 3 residents for the Agency's or Contractor's training and employment positions.
2.1.13			Advertising the jobs to be filled through the local media, such as community television networks, newspapers of general circulation, and radio advertising.
2.1.14			Employing a job coordinator, or contracting with a business concern that is licensed in the field of job placement (preferably one of the section 3 business concerns identified in part 135), that will undertake, on behalf of the Agency, other recipient or Contractor, the efforts to match eligible and qualified section 3 residents

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			with the training and employment positions that the Agency or Contractor intends to fill.
2.1.15			For the Agency, employing section 3 residents directly on either a permanent or a temporary basis to perform work generated by section 3 assistance. (This type of employment is referred to as “force account labor” in HUD’s Indian housing regulations. See 24 CFR 905.102, and §905.201(a)(6).)
2.1.16			Where there are more qualified section 3 residents than there are positions to be filled, maintaining a file of eligible qualified section 3 residents for future employment positions
2.1.17			Undertaking job counseling, education and related programs in association with local educational institutions
2.1.18			Undertaking such continued job training efforts as may be necessary to ensure the continued employment of section 3 residents previously hired for employment opportunities
2.1.19			After selection of bidders but prior to execution of contracts, incorporating into the contract a negotiated provision for a specific number of public housing or other section 3 residents to be trained or employed on the section 3 covered assistance.
2.1.20			Coordinating plans and implementation of economic development (e.g., job training and preparation, business development assistance for residents) with the planning for housing and community development.

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- 2.2 Section 3 Preference Claim, Training and Employment Opportunities. The undersigned quoter hereby claims that it will, as detailed within 24 CFR §135.34, provide such "opportunities" as denoted following; to:

[Table No. 6]

(1) Section	(2) Will	(3) Will Not	(4) Description of persons such Opportunities will be provided to (if marked within the "Will" Column)
2.2.1			Residents of the housing development or developments for which the section 3 covered assistance is expended (category 1 residents).
2.2.2			Residents of other housing developments managed by the Agency that is expending the section 3 covered housing assistance (category 2 residents).
2.2.3			Participants in HUD Youthbuild programs being carried out in the metropolitan area (or nonmetropolitan county) in which the section 3 covered assistance is expended (category 3 residents);
2.2.4			Other section 3 residents (attach complete description).

- 2.3 Section 3 Preference Claim, Section 3 Business Concerns. The undersigned quoter hereby claims that it will, as a result of the contract award, and as detailed within 24 CFR §135.36, provide such "opportunities" as denoted following; to:

[Table No. 7]

(1) Section	(2) Will	(3) Will Not	(4) Description of persons such Opportunities will be provided to (if marked within the "Will" Column)
2.3.1			Business concerns that are 51 percent or more owned by residents of the housing development or developments for which the section 3 covered assistance is expended, or whose full-time, permanent workforce includes 30 percent of these persons as employees (category 1 businesses).
2.3.2			Business concerns that are 51 percent or more owned by residents of other housing developments or developments managed by the Agency that is expending the section 3 covered assistance, or whose full-time, permanent workforce includes 30 percent of these persons as employees (category 2 businesses).
2.3.3			HUD Youthbuild programs being carried out in the metropolitan area (or nonmetropolitan county) in which the section 3 covered assistance is expended (category 3

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			businesses).
2.3.4			Business concerns that are 51 percent or more owned by section 3 residents, or whose permanent, full-time workforce includes no less than 30 percent section 3 residents (category 4 businesses), or that subcontract in excess of 25 percent of the total amount of subcontracts to business concerns identified in paragraphs (a)(1)(i) and (a)(1)(ii) of this section.

- 2.4 INSTRUCTIONS FROM THE AGENCY. If your firm is unable to satisfy the requirements of Section 3 as detailed within this Part 2.0, please move on to and complete the information within the following Part 3.0.



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**Part 3.0 - Potential Hiring Efforts to Satisfy the Requirements of Section 3**

3.1 Though our firm has a desire to satisfy the requirements of Section 3, we are unable to do so as detailed within the previous Part 1.0 or Part 2.0. Accordingly, we hereby agree to satisfy the requirements of Section 3 by one or both of the following methods:

3.1.1 **SECTION 3 HIRING GOALS.** As a result of receiving award of this contract, our firm will need to hire additional employees and we hereby commit to the following number of Section 3 New Hires:

[Table No. 8]

(1)	(2)	(3)	(4)
Classification	Total Number of Current Permanent Employees	Total Number of New Hires that will result from award of this contract	Goal: Total Number of Section 3 New Hires that the Contractor anticipates will result from award of this contract
Trainees			
Apprentices			
Journeypersons			
Laborers			
Supervisory			
Superintendent			
Professional			
Clerical			
Other:			

3.1.2 **INSTRUCTIONS FROM THE AGENCY.** If your firm is unable to satisfy the requirements of Section 3 as detailed within the immediate preceding Part 3.1.1, please move on to and complete the information within the immediate following Part 3.1.3.

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**3.1.3 INTERVIEWING AND POTENTIAL HIRING OF AGENCY RESIDENTS.** Our firm hereby agrees to, as a part of our new hire process for any open positions at any time during the period of time this contract is in effect, if our firm hires any new employees (for any position), we will:

**3.1.3.1** Review the Agency's listing of resident(s) who have registered, thereby declaring his/her desire to interview and accept a job;

**3.1.3.2** In the same manner that we do with other applicants, conduct an interview with such resident(s) who have claimed experience within a certain skill set or field and have expressed a desire to interview; and

**3.1.3.3** If, as a result of the interview and any applicable testing or checking that our firm conducts for all persons interviewing, the resident(s) qualifies for the position and passes all such testing (e.g. skills test; drug tests; credit checks; background check; etc.), we hereby agree to offer the position to the Agency resident.

**3.1.3.4** Our firm hereby agrees that all Agency resident(s) will, during the interview process, be treated equal to and in the same manner as, any non-resident person who interviews with our firm.

**3.1.3.4.1** NOTE: Our firm shall have no responsibility to hire any resident who does not, as a result of the aforementioned testing and checks, qualify for the position, though the Contractor will, as detailed following, be required to report to the Agency the results of such testing and checks, and fully inform the Agency as to why the resident(s) were not hired.

**3.1.3.5** Further, we hereby agree to inform the Agency in writing of the following within 5 days after a new employee has been hired, including the following information:

**3.1.3.5.1** The position title;

**3.1.3.5.2** The name of the person hired;

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- 3.1.3.5.3 The date the Agency listing of Agency resident(s) desiring interviews were reviewed by the Contractor;
- 3.1.3.5.4 The name(s) of the Agency resident(s) that the Contractor contacted for an interview and the date, time, and method that such contact took place;
- 3.1.3.5.5 The results of the contact (specifically, did or did not the interview take place; if so, when--if not, why);
- 3.1.3.5.6 Pertaining to any Agency resident(s) who were not hired, the results of any tests and checking that the Contractor completed (especially any such results that prevented the resident(s) from being offered the position).

The undersigned hereby certifies that the above noted firm will abide by the terms and conditions of this Section 3 Plan as detailed herein.

COMPLETED BY (Contractor):

\_\_\_\_\_  
Signature                      Date                      Printed Name                      Title