



SECTION 3 COMPLIANCE PLAN

**BY
ADMINISTRATIVE SERVICES DIVISION
PROCUREMENT UNIT**

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1.0 INTRODUCTION

1.1 Compliance Plan Purpose

The purpose of the Los Angeles County Development Authority (LACDA) Section 3 Compliance Plan (Plan) is to establish policies and procedures to be followed by the LACDA staff and, where applicable, by its contractors and subcontractors in implementing Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. § 1701u), as amended by the Housing and Community Development Act of 1992 (Section 3).

The LACDA receives public housing financial assistance and housing and community development assistance that funds Section 3 projects directly from the U.S. Department of Housing and Urban Development (HUD), including, but not limited to, any State, local government, instrumentality, Public Housing Authority, or other public agency, public or private nonprofits organization. It does not include contractors or any intended beneficiary under the HUD program to which Section 3 applies, such as homeowners or Section 3 worker/Targeted Section 3 worker.

1.2 Section 3 Objective

Section 3 is a provision of the Housing and Urban Development Act of 1968. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with Federal, State, and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

On November 30, 2020, the Section 3 Final Rule updated the regulations through HUD's 24 Code of Federal Regulations (CFR) 75 to create more effective incentives for employers to retain and invest in their low- to very low-income workers, streamline reporting requirements by aligning with typical business practices, provide for program-specific oversight, and clarify the obligations of agencies that are covered by Section 3. These changes will increase Section 3's impact for low- and very low-income persons, increase compliance with Section 3 requirements, and reduce regulatory burden.

1.3 Amendments to Plan

The Procurement Officer has sole responsibility for maintaining the current status and accuracy of the Plan. The Plan shall be revised as deemed necessary to incorporate policy and procedural changes. Incremental changes to policy or procedures in the Plan will be communicated to staff via a Procurement Bulletin, and a record of all significant updates (including the section of the Plan being changed and the effective date) will be incorporated into the Plan.

AMENDMENTS TO THE PLAN

Date	Section Amended	Comments
4-1-11	All Sections	Complete revision of the Section 3 Compliance Plan dated September 24, 1999.
1-1-12	8.0 and 9.1.12	Revised the reporting requirements and Section 3 preferences for RFPs.
5-16-19	All Sections	Revised Plan to reflect agency name change to LACDA and other changes.
7-1-21	All Sections	Revised Plan to reflect the new Section 3 provisions effective November 30, 2020.

1.4 Definitions

1.4.1 1937 Act means the United States Housing Act of 1937, 42 U.S.C. 1437 et seq.

1.4.2 Contractor means any entity entering a contract with:

- A recipient to perform work in connection with the expenditure of public housing financial assistance or for work in connection with a Section 3 project; or
- A subrecipient for work in connection with a Section 3 project.

1.4.3 HUD means the U.S. Department of Housing and Urban Development.

1.4.4 Labor hours means the number of paid hours worked by persons on a Section 3 Project or by persons employed with funds that include public housing financial assistance.

1.4.5 Low-income person means a person, as defined in Section 3(b)(2) of the 1937 Act, to be families (including single persons) whose incomes do not exceed 80 per centum of the median income for the area, as determined by HUD, with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of the HUD's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low-income families.

1.4.6 Material supply contracts means contracts for the purchase of products and materials, including, but not limited to, lumber, drywall, wiring, concrete, pipes, toilets, sinks, carpets, and office supplies.

- 1.4.7 Nonmetropolitan county means any county outside of a metropolitan area (other than Los Angeles and Orange County).
- 1.4.8 Professional services means non-construction services that require an advanced degree or professional licensing, including, but not limited to, contracts for legal services, financial consulting, accounting services, environmental assessment, architectural services, and civil engineering services.
- 1.4.9 Public Housing means housing assisted under the 1937 Act, other than Section 8. Public housing includes dwelling units in a mixed finance project that are assisted by a Public Housing Agency with capital or operating assistance.
- 1.4.10 Public Housing Agency (PHA) means any State, county, municipality, or other governmental entity or public body, or agency or instrumentality of these entities, that is authorized to engage or assist in the development or operation of low-income housing under the 1937 Act.
- 1.4.11 Public housing financial assistance means development assistance provided pursuant to section 5 of the United States Housing Act of 1937 (the 1937 Act).
- 1.4.12 Public housing project means low-income housing developed, acquired, or assisted by a PHA under the 1937 Act, and the improvement of any such housing, and all necessary appurtenances thereto, assisted under the 1937 Act, other than assistance under 42 U.S.C. 1437f of the 1937 Act, including dwelling units in a mixed-finance project that are assisted by a public housing agency with public housing capital assistance or operating fund assistance.
- 1.4.13 Recipient means any entity which receives Section 3 covered assistance, directly from HUD public housing financial assistance or housing and community development assistance that funds Section 3 projects, including, but not limited to, any State, local government, instrumentality, PHA, or other public agency, public or private nonprofit organization.
- 1.4.14 Section 3 means Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u).
- 1.4.15 Section 3 business concern:
- A business concern that meets at least one of the following criteria, documented within the last six-month period:
 - It is 51 percent or more owned and controlled by low- or very low-income persons;

- Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
- It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.
- The status of a Section 3 business concern shall not be negatively affected by a prior arrest or conviction of its owner(s) or employees.
- Nothing in this part shall be construed to require the contracting or subcontracting of a Section 3 business concern. Section 3 business concerns are not exempt from meeting the specifications of the contract.

1.4.16 Section 3 projects are housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000. The threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z–1 or 1701z–2), the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4801 et seq.); and/or the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 et seq.). The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.

1.4.17 Section 3 worker:

- 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,
 - The worker is employed by a Section 3 business, or
 - The worker is a YouthBuild participant.
- The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction.
- Nothing in this part shall be construed to require the employment of someone who meets this definition of a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of the position to be filled.

1.4.18 Section 8-assisted housing refers to housing receiving project-based rental assistance or tenant-based assistance under Section 8 of the 1937 Act.

- 1.4.19 Service area or the neighborhood of the project means the area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of the 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.
- 1.4.20 Small PHA means a public housing authority that manages or operates fewer than 250 public housing units.
- 1.4.21 Subcontractor means any entity that has a contract with a contractor to undertake a portion of the contractor's obligation to perform work in connection with the expenditures of public housing financial assistance or for a Section 3 project.
- 1.4.22 Subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program or a recipient of other Federal awards directly from a Federal awarding agency.
- 1.4.23 Targeted Section 3 worker means A) or B), as applicable:
- A) A Targeted Section 3 worker for public housing financial assistance projects means:
- 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 past five years:
 - A resident of public housing or Section 8-assisted housing;
 - A resident of other public housing projects or Section 8-assisted housing managed by the PHA that is providing the assistance; or
 - A YouthBuild participant.
- B) A Targeted Section 3 worker for housing and community development financial assistance projects means 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 past five years:
 - Living within the service area or the neighborhood of the Section 3 project, as defined in Section 1.4.19; or
 - A YouthBuild participant.
- 1.4.24 Very low-income means a person as defined in section 3(b)(2) of the 1937 Act to be families (including single persons) whose incomes do not exceed 50 per centum of the median family income for the area, as determined by

HUD with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 50 per centum of the median for the area on the basis of the HUD's findings that such variations are necessary because of unusually high or low family incomes.

- 1.4.25 YouthBuild programs refers to a pre-apprenticeship program receiving assistance under the Workforce Innovation and Opportunity Act (29 U.S.C. 3226) that provides job training and educational opportunities for at-risk youth who have previously dropped out of high school.

2.0 SECTION 3 COMPLIANCE RESPONSIBILITIES

2.1 LACDA Responsibilities

The LACDA has the responsibility to comply with Section 3 in its own operations, and ensure compliance in the operations of its contractors/subcontractors, by:

- Notifying Section 3 workers and Targeted Section 3 workers of training and employment opportunities;
- Notifying Section 3 business concerns about contracting opportunities;
- Notifying potential contractors about Section 3 projects in all applicable solicitations and contracts;
- Facilitating the training and employment of Section 3 workers and Targeted Section 3 workers by conducting activities that provide opportunities;
- Refusing to contract with any contractor that has been found to be in violation of Section 3 regulations;
- Documenting all actions taken to comply with Section 3 requirements; and
- Ensuring, to the greatest extent feasible, that local governments with a Section 3 project receive assistance through the LACDA, and meet the applicable benchmarks for Section 3 compliance by:
 - Informing local governments of the requirements;
 - Assisting local governments in meeting the requirements;
 - Monitoring local governments' performance of the requirements;
 - Requesting Quarterly Contractor's Section 3 Compliance Reports; and
 - Submitting an annual Section 3 Summary Report to HUD.

2.2 Staff Responsibilities

The LACDA responsibilities are delegated within the LACDA as follows:

Executive Director: The Executive Director is the chief administrative officer of the LACDA and is responsible for overseeing all Section 3 compliance functions, including the duties and responsibilities of the Procurement Officer.

Division Management: Each Division is responsible for ensuring that all Section 3 requirements are met. Specific duties include:

Contracting

- Ensuring that Procurement Coordinators determine applicability of Section 3 covered contracts;
- Ensuring that Section 3 compliance activities conducted in their divisions meet all requirements;
- Maintaining a log of all Section 3 covered contracts; and
- Submitting annual required reporting forms (see Section 8.0, Reporting).

Employment and Training

- Applying Section 3 preferences when appropriate when hiring new staff.

Human Resources: Human Resources is responsible for promoting employment and training opportunities for Section 3 residents by:

- Engaging in, to the greatest extent feasible, actions outlined in Section 5.1, Training and Employment Opportunities;
- Providing Section 3 preference information on all employment recruitment publications; and
- Providing division management with a list of applicants who qualify for Section 3 employment preference.

Procurement Officer: The Procurement Officer has overall responsibility for ensuring the LACDA's compliance with Section 3 requirements. The duties include:

- Ensuring that all staff have adequate knowledge of Section 3 compliance requirements;
- Promoting opportunities and increasing the participation of Section 3 business concerns in the procurement and contracting process; and
- Maintaining discretionary authority in applying Section 3 requirements and compliance activities, if necessary, when deemed to be in the best interests of the LACDA.

Section 3 Compliance Officer: The Section 3 Compliance Officer reports to the Procurement Officer. Specific duties include:

- Serving as an information resource to division staff on Section 3 process requirements;
- Conducting evaluations for compliance for all non-Construction Management Unit (CMU) bids and proposals;
- Compiling Section 3 data from divisions to prepare the Section 3 Summary Reports; and
- Coordinating the filing of Section 3 Summary Reports to HUD annually.

Division Procurement Coordinators/Project Managers: For Section 3 contracts, the duties of procurement coordinators/project managers include the following:

- Determining if Section 3 is applicable to the solicitation;
- Including all Section 3 language and forms in the solicitation package;
- Ensuring that the sample contract in the solicitation package contains the Section 3 contract language;
- Scheduling and conducting a mandatory pre-bid/proposal meeting to explain Section 3 requirements; and
- Verifying Section 3 responsiveness of bids/proposals.

Contract Administrators/Labor Compliance Representatives: For Section 3 contracts, the duties of contract administrators/labor compliance representatives include the following:

SECTION 3 COMPLIANCE RESPONSIBILITIES

- Conducting a pre-job meeting with the contractors to explain Section 3 requirements;
- Conducting periodic contact with contractors to verify on-going Section 3 compliance activities;
- Collecting Quarterly Section 3 Contractor's Compliance Reports and associated documentation from contractors; and
- Maintaining Section 3 compliance activity documentation in the contract administration file.

3.0 APPLICABILITY

The applicability of Section 3 requirements for the LACDA and/or contractors depends on a combination of factors, as applicable, including:

- Funding source,
- Purpose the funds will be used, and
- Dollar amount awarded to the recipient and/or contractor.

As a recipient of public housing financial, and housing and community development financial assistance, the LACDA provides a full range of training and employment opportunities and preferences for qualified Section 3 workers and Targeted Section 3 workers. For economic and contracting opportunities, specific criteria are applied separately to public housing financial and housing and community development financial contracts.

3.1 Public Housing Financial Assistance

Section 3 requirements apply to contracts arising from the expenditures of the following types of public housing financial assistance funds:

- Development assistance provided pursuant to section 5 of the United State Housing Act of 1937 (the 1937 Act),
- Operations and management assistance provided pursuant to section 9(e) of the 1937 Act,
- Development, modernization, and management assistance provided pursuant to section 9(d) of the 1937 Act, and
- The entirety of a mixed-finance development project as described in 24 CFR 905.604, regardless of whether the project is fully or partially assisted with public housing financial assistance as defined in the above three bullets in this section.

Examples of funding sources are, but not be limited to:

- Public housing financial assistance
 - Development assistance
 - Operating assistance
 - Modernization assistance (Capital funds)
- Economic Stimulus Funding
- Family Self-Sufficiency (FSS) Grants
- Lead Hazard Control Grants
- Hope VI Revitalization Grants
- Resident Opportunities and Self-Sufficiency (ROSS) Grants

Use of Funds

- Section 3 applies to recipients of these funds, regardless of how the recipient uses the funds.
- Section 3 applies to service or construction contracts or Purchase Orders, when using Public housing financial assistance funds.

- Section 3 does not apply to the purchase of goods or commodities without service.

Thresholds

There are no minimum dollar thresholds for applicable use of these funds. However, the LACDA establishes a threshold of \$10,000 or more for enforcement of Section 3 contracting requirements as long as the Section 3 benchmarks for the LACDA continue to be met.

3.2 Housing and Community Development Financial Assistance

Section 3 applies to projects (Section 3 project) from the expenditures of housing and community development financial assistance.

Examples of funding sources are, but not limited to:

- Community Development Block Grant (CDBG) and other community development assistance
- Economic Development Initiatives (EDI) Grants
- Economic Stimulus Funds
- Emergency Shelter Grant (ESG) Programs
- Grants Awarded Under HUD Notices of Funding Availability (NOFAs)
- Healthy Homes Production Grants
- HOME Investment Partnership Act Program
- Homeless Prevention and Rapid Re-housing Program (HPRP) and other homeless assistance programs
- Housing Opportunities for Persons with AIDS (HOPWA)
- Housing Trust Fund (HTF)
- Lead Hazard Control Grants
- Neighbor Stabilization Program (NSP 1, 2, & 3)
- Rental Assistance Demonstration (RAD)
- Section 108 Loans
- University Partnership Grants
- 202/811 Grants

Use of Funds

Section 3 applies to the use of the applicable funds only for the following types of projects:

- Housing rehabilitation (including reduction and abatement of lead-based paint hazards, (excluding routine maintenance, repair and replacement);
- Housing construction; and
- Other public construction, which includes buildings or improvements (regardless of ownership), assisted with housing or community development assistance.

Thresholds

- Section 3 applies to a project (Section 3 project) of housing and community development financial assistance when the project exceeds \$200,000 for the following financial assistance:
 - Housing rehabilitation,
 - Housing construction, or
 - Other public construction.
- Section 3 applies to a project (Section 3 project) of housing and community development financial assistance when the amount of the project exceeds \$100,000 for the following financial assistance:
 - Lead Hazard Control and Healthy Homes programs, as authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z-1 or 1701z-2),
 - Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4801 et seq.), or
 - Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 et seq.).

The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing. The Section 3 requirements of Part 75 apply to an entire Section 3 project, regardless of whether the project is fully or partially assisted under HUD programs that provide housing and community development financial assistance.

3.3 Contracts Partially Funded with Non-HUD Assistance

Section 3 Requirements applies to projects that are fully or partially funded with HUD financial assistance. Projects that are financed with state, local or private matching or leveraged funds used in conjunction with HUD funds are covered by Section 3 if the amount of HUD funding for the projects or programs exceed the regulatory applicability and thresholds noted in Section 3.1, Public Housing Financial Assistance, and Section 3.2, Housing and Community Development Financial Assistance, as applicable. Also, Section 3 applies to the entirety of a mixed-finance development project as described in 25 CFR 905.604, regardless of whether the project is fully or partially assisted with public housing financial assistance.

3.4 Professional Service Contracts

Professional service contracts for non-construction services that require an advanced degree or professional licensing are not subject to the Section 3 Requirements (24 CFR 75). Further clarification regarding the applicability of Section 3 requirements for professional service contracts should be consulted with the Procurement Unit.

3.5 Material and Supply Contracts

Section 3 requirements do not apply to “material-only” contracts or those that do not require any labor. However, contracts which involve both materials and labor shall be subject to Section 3 requirements. Further clarification regarding the applicability of Section 3 requirements for material contracts should be consulted with the Procurement Unit.

3.6 Contracts Not Subject To Section 3 Requirements

Contracts that are not subject to Section 3 requirements include, but are not limited to the following types of funding or programs:

- Bonds (General Fund)
- City of Industry Tax Increment
- County Revenue
- Emergency Shelter Fund (ESF)
- Homeless and Housing Program Fund (HHPF)
- Homeless Service Center Funds (HSCF)
- Homeless Support Program (County)
- Juvenile Justice Crime Prevention Program
- Rental Assistance Demonstration (RAD)
- Residential Sound Insulation Program (RSIP), unless CDBG funds are used.
- Reduction and Abatement of Lead-Based Paint Hazards Program (mitigating lead paint hazards only)
- Section 8 Project-Based Rental Assistance
- SocialServe.com
- State/County funds (except for HUD pass-thru funding)
- West Altadena Facades

4.0 SECTION 3 COMPLIANCE BENCHMARKS

Compliance with Section 3 requirements shall be achieved, *to the greatest extent feasible*, consistent with existing Federal, state and local laws and regulations to provide economic opportunities for Section 3 workers and Targeted Section 3 workers. HUD regulations outline benchmarks to serve as a measurement of compliance with the “greatest extent feasible” requirements. The benchmarks apply to all Section 3 projects awarded in any fiscal year.

The LACDA will be considered to have complied with Section 3 requirements, in the absence of evidence to the contrary, if they meet all benchmark goals and certify compliance with prioritization requirements found in 24 CFR §75.9 or §75.19. However, if subsequent HUD enforcement activities reveal that the recipient has failed to comply with the recipient responsibilities set forth at 24 CFR §75.13 or §75.23, this compliance determination may be rescinded.

Recipients that do not engage in training or hiring, but do award contracts, must ensure that, to the greatest extent feasible, those contractors will provide training, employment, and contracting opportunities to Section 3 workers and Targeted Section 3 workers.

The LACDA is required to make efforts, or *to the greatest extent feasible*, to achieve the benchmarks required for the number of hours performed by both Section workers and Targeted Section 3 workers. If the LACDA fails to fully meet the Section 3 benchmarks, the LACDA must adequately document the efforts taken to meet the numerical goals.

4.1 Section 3 Benchmarks

The Section 3 benchmarks apply to all LACDA Section 3 contracts, associated divisions and contractors/subcontractors as follows:

- Public housing financial assistance benchmarks:
 - Section 3 workers: 25% or more for the total number of labor hours worked by all workers employed and
 - Targeted Section 3 workers: 5% or more of the total number of labor hours worked by all workers employed of which is included as part of the 25% threshold in the previous bullet.
- Community development financial assistance benchmarks:
 - Section 3 workers: 25% or more for the total number of labor hours worked by all workers employed on a Section 3 project and
 - Targeted Section 3 workers: 5% or more of the total number of labor hours worked by all workers employed on a Section 3 project of which is included as part of the 25% threshold in the previous bullet.

4.2 Compliance Determinations

The LACDA will be considered to have complied with the Section 3 requirements and met the safe harbor, in the absence of evidence to the contrary, if the LACDA certifies that the prioritization of effort has met or exceeded the applicable Section 3 benchmarks as described in Section 4.1, Section 3 Benchmarks. In the event that the LACDA fails to meet the benchmarks noted in Section 4.1, Section 3 Benchmarks, the LACDA shall provide the additional reporting information described in Section 4.3, Additional Reporting.

4.3 Additional Reporting Requirements

If the LACDA has not met the Section 3 benchmarks described in Section 4.1, as applicable, the LACDA must report in a form approved by the Procurement Unit on the qualitative nature of the LACDA activities, including associated contractors and subcontractors in accordance with 24 CFR §75.15(b) and §75.25(b). Examples of qualitative efforts include, but are not limited to the following:

- Engaged in outreach efforts to generate job applicants who are Targeted Section 3 workers.
- Provided training or apprenticeship opportunities.
- Provided technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching).
- Provided or connected Section 3 workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.
- Held one or more job fairs.
- Provided or referred Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, childcare).
- Provided assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.
- Assisted Section 3 workers to obtain financial literacy training and/or coaching.
- Engaged in outreach efforts to identify and secure bids from Section 3 business concerns.
- Provided technical assistance to help Section 3 business concerns understand and bid on contracts.
- Divided contracts into smaller jobs to facilitate participation by Section 3 business concerns.
- Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.
- Promoted use of business registries designed to create opportunities for disadvantaged and small businesses.
- Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act 17.

5.0 COMPLIANCE

5.1 Records of Compliance

The LACDA and divisions shall maintain adequate records to maintain compliance with all Section 3 Requirements, consistent with other recordkeeping requirements in 2 CFR Part 200.

5.2 Complaints

Any Section 3 worker, Targeted Section 3 worker, or Section 3 business concern may file a complaint of noncompliance with HUD against a recipient or a contractor who receives Section 3 related assistance.

The LACDA will conduct a comprehensive analysis and evaluation of the recipient's or contractor's compliance with the requirements and obligations imposed by HUD regulations (24 CFR Part 75). Recipients must cooperate fully with the investigation of any allegations of noncompliance.

5.2.1 Internal Section 3 Complaint Procedure

In an effort to resolve complaints generated by non-compliance through an internal process, the LACDA encourages submission of such complaints to its Section 3 Compliance Officer as follows:

- Complaints of non-compliance should be filed in writing and must contain the name of the complainant and brief description of the alleged violation of 24 CFR 75.
- Complaints must be filed within thirty (30) calendar days after the complainant becomes aware of the alleged violation.
- An investigation will be conducted if the complaint is found to be valid. The Section 3 Compliance Officer will conduct an informal, but thorough investigation affording all interested parties, if any, an opportunity to submit testimony and/or evidence pertinent to the complaint.
- The Section 3 Compliance Officer will provide written documentation detailing the findings of the LACDA's investigation. The LACDA will review the findings for accuracy and completeness before releasing to complainants. The findings will be made available no later than sixty (60) days after the filing of the complaint.

5.2.2 HUD Section 3 Complaint Procedure

If complainants wish to have their concerns considered outside of the LACDA, a complaint may be filed with the HUD program office responsible for the public housing financial assistance or the Section 3 Project, or to the local HUD field office. These offices can be found through the HUD website, www.hud.gov/.

5.3 Monitoring

The LACDA will be monitored by HUD for compliance with Section 3 requirements described in 24 CFR 75 and in this Plan. The applicable HUD program office will determine appropriate methods by which to oversee Section 3 compliance. HUD may impose appropriate remedies and sanctions in accordance with the laws and regulations for the program under which the violation is found.

6.0 PROCUREMENT AND CONTRACTING PROCEDURES

6.1 Procurement Procedures

The following step-by-step procedures relate only to Section 3 procurement requirements and must be integrated into the complete procurement procedures referenced in the LACDA's Procurement and Contracting Policies and Procedures Manual.

6.1.1 Determine if Section 3 requirements are applicable to the contract --i.e., funding source, use of funds, dollar thresholds (see Section 3.0, Applicability).

6.1.2 Include Section 3 language in the solicitation notice, and include a pre-bid/proposal meeting.

- “This is a HUD Section 3 Contract and all Bidders/Proposers must commit to achieving established requirements, including benchmarks, for Section 3 workers and Targeted Section 3 workers to be considered a responsive bidder/proposer and eligible for a contract award.”

6.1.3 Include the following language in Part 1.0, Introduction of the solicitation package:

- Section 3 in the Minimum Requirements (Section 1.3 in RFQ Solicitation Package and Section 1.4 in IFB/RFP/RFSQ Solicitation Package):

“The Bidder/Proposer must declare an intent to comply with Section 3 requirements, including benchmarks, in order to be a responsive bidder/proposer eligible for contract award.”

- Section 3 of the Housing and Urban Development Act of 1968, As Amended (1.12 in RFQ Solicitation Package and 1.26 in IFB/RFP/RFSQ Solicitation Package):

“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.

The Bidder/Proposer is required to complete and submit the Declaration of Intent to Comply with Section 3 Requirements located in *Appendix C - Required Forms*, certifying that they intend to comply with the Section 3 provisions as defined in Section 8.43 (Section 3 of the Housing and Urban Development Act of 1968, As Amended) in *Appendix A – Sample Standard Contract*. Further, Proposers are required to comply with the

requirements under the said provision for the term of any contract awarded pursuant to this solicitation.

Prospective bidders/proposers should carefully read the information included in *Appendix D - Section 3 Provisions for Housing and Community Development Assistance and Public Housing Assistance, as Applicable.* Proposals that fail to comply with the requirements of Section 3 will be considered non-responsive and excluded from further consideration.

6.1.4 Include the following language in Part 2.0, Submission Requirements of the solicitation package:

- [Pre-Bid/Proposal Meeting/Job Walk] (Section 2.1 in RFQ Solicitation Package and Section 2.7 in IFB/RFP/RFSQ Solicitation Package).

“A Pre-Bid Meeting/Job Walk will be held to discuss the [RFQ/IFB/RFP/RFSQ] and [Section 3 *and/or* Living Wage] Requirements. LACDA staff will respond to questions from potential Bidders. All potential Bidders are **highly recommended** to attend this meeting. The meeting is scheduled as follows: [Date/Time/Address].”

6.1.5 Include in Appendix A, Sample LACDA Contract in the solicitation package, the following contract language:

”8.43 Section 3 of the Housing and Urban Development Act of 1968, As Amended

8.43.1 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.

8.43.2 The parties to this Contract agree to comply with HUD's regulations in 24 CFR Part 75, which implements Section 3. As evidenced by their execution of this Contract, the parties to this Contract certify that they are under no contractual obligation or other impediment that would prevent them from complying with Part 75 of the regulations.

8.43.3 The Contractor agrees to send to each labor organization or representative of workers with which the Contractor has a

collective bargaining Contract or other understanding, if any, a notice advising the labor organization or workers' representative of the Contractor's commitments under Section 3, 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, shall set forth the 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.

8.43.4 The Contractor agrees to include this Section 3 contract language 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 contract language, 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.

8.43.5 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.

8.43.6 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."

6.1.7 Include the following required forms in Appendix C, Required Forms of the solicitation package:

- Declaration of Intent to Comply with Section 3 Requirements Certification

6.1.8 Include the following notices in Appendix D, Required Notices, of the solicitation package:

- Section 3 Provisions for Public Housing Financial Assistance and Community Development Financial Assistance, as Applicable

6.1.9 Agenda for Pre-Bid/Proposal Meeting:

The Procurement Unit or CMU Labor Compliance Officer for construction related activities for CMU will provide a brief review on Section 3 requirements to all attending contractors to explain the significance of responsiveness and Section 3 contract obligations for the purpose of maximizing Section 3 responsiveness and participation. Procurement Coordinators must schedule the meetings when the appropriate Section 3 presenter is available. Questions received after the pre-Bid/Proposal meeting regarding Section 3 will be forwarded by the Procurement Coordinator to the appropriate staff for answers.

6.1.10 Section 3 Responsiveness Determination:

A bidder/proposer must demonstrate responsiveness to the Section 3 requirements by submitting a *Declaration of Intent to Comply with Section 3 Requirements* with their bid/proposal and agreeing to comply with the Section 3 requirements, including the benchmarks.

6.1.11 Contract Award Process

Prior to a Section 3 Contract being recommended, ensure that the Section 3 contract language is included in the contract prior to execution. Failure of the bidder/proposer to agree with including the Section 3 contract language as noted in Section 6.1.5 in the Contract shall be grounds for determining the Bidder/Proposer to be non-responsive and shall not receive further consideration for a contract award.

7.0 CONTRACT ADMINISTRATION

7.1 Contract Administration Procedures

7.1.1 Pre-Construction/Job Meeting

Following the award of a Section 3 contract and within 30 calendar days from the start of the Contract, a pre-construction/job meeting must be held to thoroughly discuss the following items:

- Review the Section 3 commitment agreed to in the Contract;
- Explain the benchmarks that the contractor is expected to meet;
- Explain and establish, if applicable, the Section 3 business concern requirements;
- Explain how to complete the Section 3 Worker and Targeted Section 3 Worker Certifications (PHFA & HCDFA);
- Explain how to complete the Quarterly Section 3 Contractor's Compliance Reports;
- Explain the deadline for quarterly reports and certifications; and
- Explain that the LACDA will provide on-going technical assistance with Section 3 compliance.

All required forms shall be provided to the contractor at the pre-construction/job meeting and throughout the year for updated forms. The Procurement Coordinator shall ensure that all forms provided to the Contractor are applicable and current.

The Procurement Coordinator shall maintain meeting minutes, including copies of all distributed documentation (agendas, forms, etc.) in the contract administration file. The contract administration files shall include all quarterly reports, technical assistance discussions (notes, emails, etc.), subsequent/progress meeting, complaints, non-compliance documentation, and any other associated information. The purpose of this documentation in the contract administration file is to ensure compliance and demonstrate the LACDA's due diligence with meeting the Section 3 requirements, in the event that the Section 3 benchmarks are not met for each annual reporting period (July 1st to June 30th) to HUD.

7.1.2 Progress Meetings

The Contract Administrator should meet with the contractor periodically to discuss any problems or deficiencies noted in the Quarterly Contractor's Section 3 Compliance Reports. The Contract Administrator should prepare a written record of the items discussed at each meeting and place a copy in the contract file.

7.1.3 Post-Contract Activities

The Contract Administrator must ensure that:

- All compliance reports and forms have been submitted by the contractor;

- All meetings with the contractor to discuss Section 3 compliance are documented in the contract file;
- All Section 3 deficiencies have been resolved and documented in the contract file.

7.1.4 Contract Reporting

The Contract Administrator shall request, receive, review, and approve all Quarterly Section 3 Contractor’s Compliance Reports, including all Section 3 worker, Targeted Section 3 worker, Section 3 business concern certifications, and all associated documentation for each reporting period. All Section 3 data shall be compiled by the Contract Administrator on a form provided by the Procurement Unit. The Quarterly Section 3 Contractor’s Compliance Reports will be due from the Contractor, and after compilation of Section 3 data by the Contract Administrator, shall be forwarded to the Procurement Unit for each quarter as follows:

Reporting Quarterly Period	Contractor Deadline*	Division Deadline*
July – September:	October 15 th	November 5 th
October – December:	January 15 th	February 5 th
January – March:	April 15 th	May 5 th
April – June:	July 15 th	August 1 st **

*If the deadline falls on a weekend or holiday, the report will be due on the next business day.

**All Section 3 Summary Reports are due to HUD on August 29th for all Public Housing Financial Assistance contracts and September 28th for all Housing and Community Development Financial Assistance contracts. The divisions will not be required to provide the Section 3 certifications and reports, unless requested by the Procurement Unit. Each division will be required to compile the data and provide a Section 3 Division Summary Report by funding source to the Procurement Unit. The Procurement Unit shall use the remaining four (4) weeks after August 1st to reconcile all Section 3 Division Summary Reports from all divisions according to the funding sources as required by the Section 3 reporting requirements.

7.1.5 Contract Administration File

The Contract Administrator shall review and approve all Section 3 certifications and reports, and file all original Section 3 documentation (certifications, reports, pre-construction/pre-job meetings minutes, memos, emails, etc.) in the contract administration file. The Contract Administrator shall maintain all original documentation in the contract administration file, unless otherwise requested by the Procurement Unit or HUD. The Procurement Unit shall provide divisions with technical assistance with reviewing, approving, and compiling the Section 3 data for the Division Summary Report.

APPENDIX A

**SECTION 3 FORMS AND
CERTIFICATIONS**

APPENDIX B

SECTION 3 NOTICE

APPENDIX C

SECTION 3 REGULATIONS (24 CFR 75)