



## District of Columbia Housing Authority

1133 North Capitol Street, NE Washington, DC 20002-7599

202-535-1000

Adrienne Todman, Executive Director

### Addendum

Addendum No. 1

Issued: May 6, 2015

#### ADMINISTRATIVE HEARING OFFICERS

All respondents shall acknowledge receipt of this addendum, sign below and return it with your bid. **Failure to acknowledge receipt of this addendum may be cause for rejection of your bid.** Respondents are informed that the above named solicitation is modified as follows:

#### ATTACHMENT H – SECTION 3 REQUIREMENTS

**REPLACE:** The attached documents are to replace the initial documents in your Solicitations Attachment H – Section 3 Requirements.

**All Other Terms and Conditions Remain Unchanged  
End of Addendum No. 1**

Cheryl Moore  
Interim Contracting Officer

Acknowledgement of Receipt:

Respondent: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

## **ATTACHMENT H**

### **SECTION 3 COMPLIANCE REQUIREMENTS**



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1133 North Capitol Street NE, Washington DC 20002-7599

## Section 3 Contractor Compliance Agreement

This Section 3 Contractor Compliance Agreement is entered into between the District of Columbia Housing Authority (DCHA), located at 1133 North Capitol Street NE, Washington DC

20002-7599; and (name of contractor) \_\_\_\_\_ located at

(address of contractor) \_\_\_\_\_.

- 24 C.F.R. Section 135.1 provides that the purpose of Section 3 of the Housing and Urban Development (HUD) Act of 1968, as amended, 12 U.S.C. 1701u (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 existing 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; and
- “Section 3 covered activities” are training, employment, contracting, and other economic opportunities arising from development, operating and modernization assistance funded by HUD notwithstanding the amount of the contract or subcontract, and regardless of whether the activity is fully or partially funded by HUD funds; and
- “Section 3 Resident” means:
  - a. A public housing resident;
  - b. Other DCHA Voucher Program participant; or
  - c. An individual who resides in the District of Columbia and who is a low or very low-income person; and,
- “Section 3 Business” means a business concern that:
  - a. Is a business concern that is 51% or more owned by Section 3 residents; or
  - b. A business whose permanent, full-time employees include at least 30% current Section 3 residents (or are within three years of the date of first employment as a Section 3 resident); or
  - c. A business which provides evidence of a commitment to subcontract in excess of 25% or the dollar award of all subcontracts to businesses that meet the tests in (3)(a) or (3)(b) above; and



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- The purpose of the Section 3 program is to ensure that employment and other economic opportunities generated by certain types of activities undertaken by DCHA with HUD funding are, to “the greatest extent feasible,” directed to:
  - a. Low and very-low income persons, particularly public housing residents and other DCHA Voucher Program participants; and
  - b. Business concerns which provide economic opportunities to such persons; and,
- It is the policy of DCHA to continue to expand the mechanisms through which public housing residents, residents of surrounding communities, and Housing Choice Voucher Program participants can develop careers and generate income that can permanently sustain economic independence; and
- DCHA’s implementation of the Section 3 Program provides a mechanism that will enable DCHA to require and help its contractors, subcontractors, vendors and suppliers to provide employment, training, and business opportunities for public housing residents, residents or surrounding communities, and Housing Choice Voucher Program participants; and
- The Section 3 Program promotes economic development through entrepreneurial, self-sufficiency and community reinvestment opportunities; and
- 24 C.F.R. § 135.30 (a) creates a “safe harbor” whereby recipients and covered contractors may demonstrate compliance with the “greatest extent feasible” requirement of Section 3 by meeting the listed numerical requirements.

The undersigned parties agree to comply with the following provisions in accordance with DCHA’s Section 3 policy:

1. **Section 3 Hiring Requirements.** Contractor agrees at least 10% of its total labor hours shall be allotted to Section 3 individuals.
  - a. In the event that Contractor fails to reach the 10% requirement, Contractor must provide a written justification of the impediments encountered and what actions or other economic opportunities, such as joint venturing, Contractor attempted in efforts to reach the requirement.
  - b. Contractor must complete and record exit evaluations of “Section 3 Resident” employees for each job assignment completed.
  - c. New hires are subject to contractor’s standard employment policies. Moreover, Contractor can hire an applicant to work on the job site or within Contractor’s office/plant, etc. The work does not have to be directly related to the contract in question.



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2. **Section 3 Contracting Requirements.** Contractor agrees to meet the minimum Section 3 contracting requirements as a safe harbor that meets the “greatest extent feasible” statutory requirement as follows:
  - a. For contracts for building trades work for maintenance, repair, modernization or development, Contractor agrees to award contracts of at least 10% of the total dollar amount of contracts or subcontracts to “Section 3 Businesses”.
  - b. For all other covered contracts, Contractor agrees to award contracts of at least 3% of the total dollar amount of contracts or subcontracts to “Section 3 Businesses”.
  - c. In the event that the Contractor fails to meet these minimum numerical requirements, Contractor must demonstrate in writing why it was not feasible to meet the numerical requirements, including actions taken and any impediments encountered as well as other economic opportunities that were provided in the absence of meeting the requirement.
  - d. Contractors must differentiate between labor and non-labor (materials and supplies) dollars so that the amount of Section 3 dollars to be expended can be determined. This must be completed within five (5) days after the execution of the contract. Service contractors’ total contract amount will be used as their labor dollars in determining the Section 3 dollar amount to be expended unless supplies/materials must also be purchased for this contract; in such case that amount is deducted.
  - e. Contractors must complete the forms included in the bid packets and are further required to submit monthly reports of all payments made to Section 3 subcontractors. If no payment is made in a given month, it must be noted and discussed with the Section 3 Coordinator.
3. **Eligible Section 3 Subcontractors.** A database of eligible “Section 3 Businesses” and suppliers will be developed and maintained by the DC Department of Housing and Community Development (DHCD). This database will be continually updated and made available upon request to Contractor. The database contains the names, addresses and telephone numbers of “Section 3 Businesses” and suppliers, basic firm descriptions, lists of projects completed, references, bonding capacity, union affiliation and certification.
4. **Joint Ventures.** DCHA encourages joint ventures with “Section 3 Businesses” as a means of complying with the requirements of Section 3. In addition to performing the work, joint ventures will help Section 3 businesses strengthen their internal management structures, enhance them to learn from the technical expertise and experience of established contractors.



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- a. Section 3 joint venture is an association of business concerns, one of which is a "Section 3 Business". The joint venture must be formed by a written joint venture agreement that must be submitted to the Office of Administrative Services and the Section 3 Coordinator for confirmation that it meets Section 3 requirements.
  - b. Under the terms of the joint venture agreement, the "Section 3 Business" must be responsible for a clearly defined portion of the work and hold management responsibilities. The "Section 3 Business" must perform at least 25% of the work and be contractually entitled to a proportionate share of the compensation.
5. **Section 3 Compliance Procedures.** If Contractor fails to meet the Section 3 hiring and/or contracting requirements, DCHA may determine it to be non-compliant. If DCHA determines that Contractor is non-compliant, DCHA shall serve written notice of its determination of non-compliance on Contractor or its representatives. Contractor shall be responsible for notifying any subcontractor or supplier who is not in compliance.
  - a. Corrective Plans – Upon request of DCHA, Contractor agrees to meet with the Section 3 Compliance Coordinator and any other appropriate representative from DCHA within three (3) working days of the written notice in order to determine a Plan for correcting the deficiencies and determining the time period within which such remedy shall be effected.
  - b. If a remedy is not agreed upon within three (3) days of the required notice, the Section 3 Compliance Coordinator shall prescribe the remedy by which deficiencies shall be corrected and notify Contractor in writing of such determination.
6. **Sanctions.** If Contractor does not correct the deficiencies in the manner prescribed within thirty (30) calendar days, the Contracting Officer may impose the following sanctions:
  - a. Withholding payments on contracts; and/or
  - b. Canceling and suspending contracts; and/or
  - c. Placing Contractor on list of contractors who fail to comply with the DCHA's Section 3 requirements.
  - d. The Contractor may also be subject to a fine that is equivalent to 10% of the total labor hours for the lowest paid position on the contract.
7. **Section 3 Reporting Procedures.** Contractor agrees to submit monthly Section 3 Status Reports to the Section 3 Compliance Coordinator.



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- 8. **Section 3 Clauses.** Attachment A to this Contract contains the "Section 3 Clauses". Contractor agrees to include these clauses in all subcontracts related to its contract with DCHA.
- 9. The parties further certify that the persons executing this Agreement have the authority to so bind the parties to this Agreement.

IN WITNESS THEREOF, the undersigned parties execute this Agreement, intending to be bound, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ in Washington, D.C.

**CONTRACTOR:** \_\_\_\_\_

By: \_\_\_\_\_  
(name)  
(title)

**DISTRICT OF COLUMBIA HOUSING AUTHORITY**

By: \_\_\_\_\_  
Cheryl Moore  
*Interim Contracting Officer*



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1133 North Capitol Street NE, Washington DC 20002-7599

## Certification of Adherence to Section 3 Clause

As a recipient of a Section 3 covered contract you, the Contractor understand the obligations of a Section 3 covered contract and certify to the following:

(Please read each clause carefully, and initial on the line next to each clause, then complete and sign at the bottom)

\_\_\_\_\_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 135, 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 135 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 135, 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 135. 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 135.





ABC COMPANY, INC.  
123 Anytown Road, In a City, XY 90210  
office 202. 555.0000/ fax 202.555.9999  
\*\*\*\*\*TEMPLATE\*\*\*\*\*

<<Today's Date>>

Section 3 Compliance Coordinator  
District of Columbia Housing Authority  
1133 North Capitol Street NE, Suite 300  
Washington DC 20002-7599

Re: ABC Company, Inc. – Action Plan for Section 3 Commitment

Dear

Set forth below is ABC Company, Inc.'s proposed Action Plan to meet our Section 3 requirements, as required by our contract.

Contract Description

The contract that ABC Company, Inc. has been awarded by the DCHA is for the repair of faucets at Horizon House located at 5201 Connecticut Avenue, N.W., Washington DC. We estimate a total of <<state number of labor hours here>> labor hours will be utilized under this contract.

Contract Value

This contract is valued at <<state dollar amount here>>.

Period of Performance

The work under this contract will begin on <<state start date here>> and end on or about <<state proposed end date here>>.

ABC Company, Inc.'s Section 3 Commitment

ABC proposes to DCHA to hire <<state number of hires & position titles here>> in addition to the Resident Construction Liaison (*Resident Construction Liaison is only mandated for Construction contracts that are being performed within DCHA properties*) that is required. It is anticipated that the Section 3 hire will be utilized for the life of the contract however, should the individual be deemed an asset to our company, they may be retained as a full time employee. (NOTE: On a separate page, please describe (a) your past performance with the fulfillment of Section 3 commitments and (b) the methods that will be utilized to achieve this Section 3 Commitment. This narrative must include your (1) plan for hiring Section 3 Residents, (2) plan for enrolling apprentices, or (3) plan for contracting with Section 3 Business Concerns and the date to start your plan.)

Your review and approval of the above action plan is respectfully requested. Should you have any questions, or require additional information, I may be contacted at 202.555.0000 ext. 1 or via email at [jdoe@abc.com](mailto:jdoe@abc.com)

Regards,

John Doe  
President  
ABC Company, Inc.

**SECTION 3 COMMITMENT  
ESTIMATED PROJECT WORKFORCE BREAKDOWN**

SOLICITATION # \_\_\_\_\_

| Job Category                   | Total Estimated Number of Positions Needed For This Project | Number of Positions Occupied by Permanent Employees | Number of Positions Not Occupied | Number of Positions To Be Filled With Employees From Section 3 Program | Time Table For Filling Section 3 Positions |
|--------------------------------|---|---|----------------------------------|--|--|
| Machine Operators & Inspectors |   |   |                                  |  |  |
| Professional                   |   |   |                                  |  |  |
| Technicians                    |   |   |                                  |  |  |
| Office/ Clerical               |   |   |                                  |  |  |
| Skilled Craft                  |   |   |                                  |  |  |
| Journey person                 |   |   |                                  |  |  |
| Laborers                       |   |   |                                  |  |  |
| Service Workers                |   |   |                                  |  |  |
| Sales                          |   |   |                                  |  |  |
| Officials and Managers         |   |   |                                  |  |  |
| Resident Construction Liaison  |   |   |                                  |  |  |
| Apprentices                    |   |   |                                  |  |  |
| Other:                         |   |   |                                  |  |  |

Please check the Option(s) that describe your contracting efforts:

- Option 1: Proposes to have DCHA program participants as interns. # of interns \_\_\_\_\_.
- Option 2: Agrees to hire DCHA program participants. # of hires \_\_\_\_\_, % of existing workforce \_\_\_\_\_.
- Option 3: Proposes to provide funding for training for DCHA program participants. Amount of funding \_\_\_\_\_.
- Option 4: Proposes to subcontract supportive services to Section 3 businesses. Percentage of Contract that will be subcontracted \_\_\_\_\_.
- Option 5: Will provide pro bono services. # of hours allotted to service \_\_\_\_\_; % in relation to total hours projected for contract services \_\_\_\_\_.

**The failure of the contractor to comply with the above-approved plan shall be a material breach of the contract.**

\_\_\_\_\_  
Company

\_\_\_\_\_  
Name of Authorized Signatory

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date