

## **Exhibit 7**

### **Section 3 General Requirements**

# **HOW TO PREPARE A SECTION 3 PLAN**

For submission to:  
City of St. Louis  
Office of  
Community Development Administration

The CDA requires sub recipients of CDBG or HOME funds to have each contractor to prepare a written Section 3 Plan as part of their bids for contracts equal to or in excess of \$100,000. **A Section 3 Plan is a mandatory contract requirement. Proposals that do not contain a complete Section 3 Plan, including all required forms, will be considered non-responsive.** All responsive offers' Section 3 Plans will be evaluated for compliance and are retained for HUD auditing purposes.

The work to be performed under this contract is subject to the requirements of the Housing and Urban Development Act of 1968, as amended, 12 USC.1701u (Section 3). **Prior to** contract award, the low, responsive bidder must submit a Section 3 Plan to the Section 3 Compliance Officer of the Community Development Administration.

At a minimum, the Section 3 Plan must contain the following elements:

- A declarative statement that the contractor will include the Section 3 Clause in all subcontracts documents where the subcontract amount equals or exceeds \$100,000 (Form E - Section A).
- A declarative statement identifying the contractor's Section 3 Coordinator and contact information (Form E - Section B).
- An Estimated Project Work Force Breakdown form that indicates the estimated jobs needed for the project, the positions occupied by permanent employees, and the positions to be filled with Section 3 residents (Form F)
- A listing of permanent employees, including the names and respective positions of each employee (Form G).
- A listing of proposed subcontractors, including their respective subcontract amounts (Form H).
- A listing of proposed Section 3 contractors to be utilized on the project (Form I).
- A summary of good faith efforts the contractor has made to make low-income persons and business concerns aware of the economic opportunities available and to encourage and facilitate their application (Form J). Examples of outreach efforts to residents and Section 3 business concerns can be found subsequent to the Section 3 Clause in this document.

### **Section 3 General Requirements**

Section 3 requirements apply to all Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) funded projects involving housing rehabilitation, housing construction, and other public construction where the amount of CDBG or HOME assistance equals or exceeds \$100,000, including any contracts or subcontracts which equal or exceed \$100,000.

The requirements of Section 3 apply to the entire project or activity that is funded with Section 3 covered assistance, regardless of whether the Section 3 activity is fully or partially funded with Section 3 covered assistance. The term "Section 3 Covered Contract" includes professional

service contracts provided that the work to be performed by the professionals is for work arising in connection with a Section 3-covered project.

### **Numerical Goals**

The numerical goal for hiring in programs covered by Section 3 is 30% of the aggregate number of new hires. "New Hires" mean full time positions that are permanent, temporary or seasonal. The jobs arising in connection with Section 3 covered projects are not only construction jobs, but also management, maintenance, clerical and administrative jobs that come into existence because of the construction project.

### **Reporting and Record Keeping**

CDA requires quarterly reports from all funded agencies on Section 3 covered projects. Reports from agencies shall be due on July 15, October 15, January 15, and April 15 of each year. CDA will submit the annual Section 3 Program report to HUD as part of its Consolidated Annual Performance and Evaluation Report (CAPER) on March 31<sup>st</sup> of each year. All reports shall be submitted on HUD Form 60002 located in Part VII of this Manual.

Each contractor/subcontractor is required to submit a final report at the end of the project documenting actual outcomes of new hires and utilization of Section 3 business concerns. (Forms K and L, respectively)

CDA will receive and maintain records to document compliance with the Section 3 Program objectives. At a minimum, records will include specific information and documentation to demonstrate whether the numerical goals were met and that the subrecipient and contractors/subcontractors carried out their responsibilities.

**Form 1 S3P**

<b>Name of Contractor</b>	
<b>Project Name</b>	
<b>Period Covered</b>	
<b>Date Submitted</b>	

**Section A**

The \_\_\_\_\_ is committed to comply  
*(general contractor)*  
with Section 3 of the Housing and Urban Development Act of 1968 and as such will include the  
Section 3 Clause in all subcontract documents where the subcontract amount equals or exceeds  
\$100,000.

**Section B**

The \_\_\_\_\_ has appointed  
*(general contractor)*  
\_\_\_\_\_ as the Section 3 Coordinator, to advise and  
*(contact person)*  
assist key personnel and staff on Section 3, to officially serve as point of contact for Section 3  
complaints, and as the on-site monitor of prime contractors and subcontractors to insure the  
implementation and enforcement of their Section 3 plans. Contact information is as follows:

<b>Mailing Address</b>	
<b>Telephone Number</b>	
<b>E-mail Address</b>	









**Form 6 S3P**

<b>Section 3 Compliance</b>	
<b>Name of Contractor</b>	
<b>Project Name</b>	
<b>Period Covered</b>	
<b>Date Submitted</b>	

Indicate the efforts made to direct the employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, toward low and very low-income persons, particularly those who are recipients of government assistance for housing (use additional pages if necessary):

Indicate the efforts made to notify Section 3 business concerns of contracting opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible (use additional pages if necessary):

Provide a detailed explanation as to why execution of this contract will not require Section 3 resident or business concern participation (use additional pages if necessary):





All Section 3 covered contracts must include the following clause:

**Form 9 – S3P**

### **SECTION 3 CLAUSE**

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 USC.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 of 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 actions, 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.
- E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.
- F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
- G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 USC 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

**Examples of Outreach Efforts  
to  
Section 3 Residents**

This listing is an example of efforts that a contractor/subcontractor can make to attract Section 3 residents; however you are not limited to these activities:

**\*\*\*SET HIGHER GOALS\*\*\*  
If you can beat 30%, do it!**

After selection of bidders, but **prior to**, execution of contracts, incorporate into the contract a negotiated provision for a specific number of Section 3 residents to be trained or employed on the Section 3-covered project.

Contact agencies administering HUD YouthBuild programs. Request their assistance in recruiting program participants for training/employment positions.

Employ a job coordinator or contract with a business concern that is licensed in the field of job placement that will undertake, on behalf of the contractor, efforts to match eligible and qualified Section 3 residents with the training/employment positions that the contractor intends to fill.

Enter into "first source" hiring agreements with organizations representing Section 3 residents.

Establish training programs that are consistent with the requirements of the Department of Labor, for public housing and other Section 3 residents.

Sponsor a HUD-certified training/employment program for Section 3 residents.

Undertake job counseling, education and related programs in association with local educational institutions.

Undertake such continued job training efforts as may be necessary to ensure the continued employment of Section 3 residents previously hired for employment opportunities.

Post flyers in the neighborhood/service area advertising the training/employment positions. Identify the positions to be filled, the required qualifications, and the contact person to obtain additional information about the application process.

Advertise the jobs to be filled through the local media, such as community television networks, newspapers of general circulation, and radio advertising.

Contact community organizations, where they exist, in the neighborhood/service area to request their assistance in notifying residents of the training/employment positions to be filled.

Consult with state and local agencies administering training programs, probation and parole agencies, unemployment compensation programs, community organizations and other officials or organizations to assist with recruiting Section 3 residents for the contractor's training/employment

positions.

Sponsor and conduct a job informational meeting at a location in the neighborhood/service area of the Section 3-covered project.

Provide assistance in conducting job interviews and completing job applications for residents of the neighborhood/service area of the Section 3-covered project.

Provide a location where job applications can be delivered to and collected by a subrecipient or contractor representative(s) in the neighborhood/service area.

Conduct job interviews at a location within the neighborhood/service area of the Section 3-covered project.

Where there are more qualified Section 3 residents than there are positions to be filled maintain a file of eligible qualified Section 3 residents for future training/employment positions. Routinely update the list.

Coordinate 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.

## **Examples of Outreach Efforts to Section 3 Business Concerns**

This listing is an example of efforts that a contractor/subcontractor can make to attract Section 3 business concerns; however you are not limited to these activities:

**\*\*\*SET HIGHER GOALS\*\*\*  
If you can beat 10%, do it!**

Establish numerical goals (number of awards and dollar amount of contracts) for award of contracts to Section 3 business concerns.

Utilize procurement procedures similar to those provided for business concerns owned by disadvantaged, women and minority owned businesses for Section 3 business concerns.

Where appropriate, break out contract work items into economically feasible units to facilitate participation by Section 3 business concerns.

Contact business assistance agencies, minority contractors association and community organizations to inform them of contracting opportunities and request their assistance in identifying Section 3 businesses which may solicit bids or proposals for contracts for work in connection with Section 3-covered assistance.

Advertise contracting opportunities by posting notices in the common areas or other prominent areas of the housing development or neighborhood/service area of the Section 3-covered project. Provide general information about the work to be contracted and where to obtain additional information.

Advertise contracting opportunities through trade association papers, newsletters, and the local media such as community television networks, newspapers of general circulation, and radio advertising.

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

Send a copy of each solicitation to all known Section 3 business concerns providing the needed work.

Follow-up with Section 3 business concerns that express interest in the contracting opportunities by contacting them to provide additional information.

Arrange solicitations, times for the presentation of bids, quantities, specifications and delivery schedules in ways to facilitate the participation of Section 3 business concerns.

Coordinate pre-bid meetings at which Section 3 business concerns can be informed of upcoming contracting/subcontracting opportunities.

Provide workshops on contracting procedures and specific contract opportunities in a timely manner so that Section 3 business concerns can take advantage of upcoming contracting opportunities.

Advise Section 3 business concerns as to where they may seek assistance to overcome limitations such as inability to obtain bonding, lines of credit, financing or insurance.

Encourage financial institutions to carry out their responsibilities under the Community Reinvestment Act by providing no- or low-interest loans for working capital and other business needs.

Determine the responsibility of potential contractors based on their record of Section 3 compliance as evidenced by past actions and their current plans for pending contracts.

Maintain a list of eligible qualified Section 3 business concerns for future contracting opportunities. Routinely update the list.

Actively support joint ventures between other business concerns and Section 3 business concerns. (Note: The Section 3 business concern must be responsible for a clearly defined portion of the work, hold management positions in the joint venture, perform at least 25% of the work, and be contractually entitled to compensation proportionate to its work).

**Sample Outreach Letter  
(Section 3 Residents)  
Employment and Training Positions**

Date

Ms. Jane Doe  
Doe Community Center  
1234 Fifth Street  
St. Louis, MO 63115

**RE: SECTION 3 RECRUITMENT – EMPLOYMENT/TRAINING POSITION(S)**

Dear Ms. Doe:

Smith Contractors, Inc. is general contractor on a HUD financed project covered by Section 3 of the Housing and Urban Development Act of 1968. As amended, we are required to ensure that employment and other economic opportunities be directed to low- and very low-income persons in the order specified on the attached Notice. Additionally, we are required to notify Section 3 residents of employment and training opportunities generated by Section 3 covered assistance.

We are committed to complying with Section 3 and are taking the steps necessary to achieve the goals of the Act. Accordingly, this letter is to request your assistance in notifying and referring qualified Section 3 residents of the job and/or training opening(s) listed on the attached Notice. Interested persons should contact:

Mr. James Smith  
Smith Contractors, Inc.  
678 Ninth Street  
St. Louis, MO 63115  
Phone: 314-123-4567

Thank you for your assistance in this matter. Should you need additional information, please feel free to call me.

Sincerely,

James Smith  
Project Coordinator

JS:abc

Attachment

Source: Office of Senior Community Builder, St. Louis Area HUD Office.

**Sample Outreach Letter  
(Section 3 Business Concerns)  
Contract Opportunities**

Date

Ms. Jane Doe  
Doe Community Center  
1234 Fifth Street  
St. Louis, MO 63115

**RE: SECTION 3 RECRUITMENT – CONTRACTING OPPORTUNITIES**

Dear Ms. Doe:

Smith Contractors, Inc. is general contractor on a HUD financed project covered by Section 3 of the Housing and Urban Development Act of 1968. As amended, we are required to ensure that employment and other economic opportunities are directed to low- and very low-income persons in the order specified on the attached Notice. Additionally, we are required to notify Section 3 businesses of employment and training opportunities generated by Section 3 covered assistance.

We are committed to complying with Section 3 and are taking the steps necessary to achieve the goals of the Act. Accordingly, this letter is to request your assistance in notifying and referring qualified Section 3 businesses of the contracting opportunities listed on the attached Notice. Interested persons should contact:

Mr. James Smith  
Smith Contractors, Inc.  
678 Ninth Street  
St. Louis, MO 63115  
Phone: 314-123-4567.

Thank you for your assistance in this matter. Should you need additional information, please feel free to call me.

Sincerely,

James Smith  
Project Coordinator

JS:abc

Attachment(s)

Source: Office of Senior Community Builder, St. Louis Area HUD Office.

**Sample Combined Outreach Letter  
(Section 3 Residents & Business Concerns)  
Employment, Training & Contract Opportunities**

Date

Ms. Jane Doe  
Doe Community Center  
1234 Fifth Street  
St. Louis, MO 63115

**RE: SECTION 3 RECRUITMENT – EMPLOYMENT, TRAINING AND CONTRACTING OPPORTUNITIES**

Dear Ms. Doe:

Smith Contractors, Inc. is general contractor on a HUD financed project covered by Section 3 of the Housing and Urban Development Act of 1968. As such, we are required to ensure that employment and other economic opportunities are directed to low- and very low-income persons in the order specified on the attached Notice. Additionally, we are required to:

1. notify Section 3 residents of employment and training opportunities generated by Section 3 covered assistance; and
2. notify Section 3 businesses of contracting opportunities generated by Section 3 covered assistance.

We are committed to complying with Section 3 and are taking the steps necessary to achieve the goals of the Act. Accordingly, this letter is to request your assistance in:

1. notifying and referring qualified Section 3 residents of the job and/or training opening(s) and/or;
2. notifying and referring qualified Section 3 businesses of the contracting opportunities listed on the attached Notice.

Interested persons should contact: Mr. James Smith  
Smith Contractors, Inc.  
678 Ninth Street  
St. Louis, MO 63115  
Phone: 314-123-4567

Thank you for your assistance in this matter. Should you need additional information, please feel free to call me.

Sincerely,

James Smith  
Project Coordinator

JS:abc  
Attachment

Source: Office of Senior Community Builder, St. Louis Area HUD Office.