

**24 CODE OF FEDERAL REGISTER PART 135  
COMMONLY KNOWN AS "SECTION 3"  
March 1995**

The above interim rule established by the Department of Housing and Urban Development applies to the activities included in this bid document. A summary of the requirements are stated herewith.

**BIDDER PREFERENCE**

The provisions of this rule require the Housing Authority extend a preference in awarding of contracts to businesses meeting **any** one of the following three criteria:

1. If the business is 51 percent or more owned and actively operated by Section 3 residents. Businesses meeting this preference category will be given between a 3% and 5% preference. The preference of 5% will be given to businesses owned by residents of the development in which the contract work will occur. The preference of 4% will be given to businesses owned by other EHA public housing residents. The preference of 3% will be given to businesses owned by other Section 3 residents that do not live in EHA public housing.
  
2. If at least 30 percent of the business' employees reside in this metropolitan area and are currently low or very-low income families **or** were at their time of hire (applies only to hires within the past three years). Businesses meeting this preference category will be given a 2% preference.
  
3. If the contractor provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontractors to businesses who meet criteria 1 or 2 above. Businesses meeting this preference category will be given a 1% preference.

The definition of a **Section 3 Resident** is a person residing in the King/Snohomish County area whose annual family income is less than:

<b>FY 2018 Income Limit Category</b>							
<b>Seattle-Bellevue, WA HUD Metro FMR Area King, Snohomish Counties</b>							
<b>Persons in Family</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	If household is higher than 6, please request additional information from the contact of this project
Very Low (50%) Income Limits	37,450	42,800	48,150	53,500	57,800	62,100	
Extremely Low (30%) Income Limits	22,500	25,700	28,900	32,100	34,700	37,250	
Low (80%) Income Limits	56,200	64,200	72,250	80,250	86,700	93,100	

The following is used to illustrate how the preferences will be applied to determine the low bid.

BIDDER	BID AMOUNT	BID ADJUSTED FOR PREFERENCE	MEETS PREFERENCE #
Company A	50,000	47,500	#1
Company B	49,650	48,657	#2
Company C	47,600	47,124	#3
Company D	47,550	47,550	None

Provided that Company C met all other bid requirements, it would be awarded the contract for \$47,600 ( $\$47,600 \times 99\% = \$47,124$ ).

**If your business meets any of the above preference criteria, indicate such on the bid form by identifying the preference for which your business qualifies.**

## **CONTRACTUAL REQUIREMENTS**

Further, the contractor will be required to:

1. Notify in writing, each labor organization or representative of workers with which the contractor has a collective bargaining agreement of the requirements of Section 3. Additionally, said notice shall be posted at the work-sites. This notice shall contain a listing of all positions anticipated to be filled with new employees during the course of the contract, availability of apprenticeship and training positions, the minimum qualifications, the name and location of the person taking applications for each of the positions and the anticipated date the work shall commence.
2. The contractor must certify that any vacant employment positions, including training positions, that are filled
  - a) after the contractor is selected but before the contract is executed, and
  - b) 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.
3. The Contractor shall make every attempt to fill new hires from Section 3 Residents who reside in King/Snohomish Counties.
4. At the conclusion of the Contract, the Contractor shall provide to the Authority a report of **all** employees hired during the course of this contract including the following information:

- a) Position Title  
Low Income at Time of Hire  
Very Low Income at Time of Hire  
Employee Address at Time of Hire  
Referral Source  
Employed by General Contractor  
Employed by Sub-contractor  
Is Employment Anticipated to Continue

b) Any Sub-contractor failing to comply with the provisions of Section 3.

Noncompliance with the above regulations may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

A full copy of 24 CFR Part 135 is available up request from the Housing Authority.

The bidder certifies that the firm qualifies for the "Section 3" Bidder Preference by meeting preference # \_\_\_\_\_ .

The bidder acknowledges the contractual requirements as listed above and will adhere to those requirements.

<b>Signature and Date</b>
<b>Type or Printed Name</b>
<b>Title</b>
<b>Company Name</b>
<b>Company Address</b>