

EXHIBIT F-1

LOCAL HIRE AND SECTION 3 RIDER

1. **Local Hire and Section 3 Requirements.** With respect to hiring for construction and post-construction job opportunities, Primestor shall fulfill the local hiring commitments made during the selection of the Master Developer, as amended, which includes: (a) pursuant to Section 3 of the Housing and Urban Development Act of 1968, as amended by Section 915 of the Housing and Community Development Act of 1992 (“**Section 3**”), hiring Section 3-qualified residents, as more particularly described at 1.a below, and (b) hiring Disadvantaged Workers, as more particularly described at 1.b below. Primestor agrees that thirty percent (30%) of the new pre-development, construction and post-construction job opportunities generated by the Project shall be set aside, to the maximum extent feasible, to meet the Section 3 Hiring Requirements (“**Section 3 Hiring Requirements**”). In addition, Primestor shall strive and use Good Faith Efforts (as defined in Article III.C of the Section 3 Guide and Compliance Plan) to set aside at least ten percent (10%) of the thirty percent (30%) Section 3 Hiring Requirements for Disadvantaged Workers, as defined below (“**Disadvantaged Worker Hiring Requirements**”). The Parties acknowledge that some hires may meet the requirements of both the Section 3 Hiring Requirements and the Disadvantaged Worker Hiring Requirements, and may therefore count Disadvantaged Worker hours towards the thirty percent Section 3 Hiring Requirements.

For purposes of this Rider, the term “**Local Hiring Requirements**” shall mean the Section 3 Hiring Requirements and the Disadvantaged Worker Requirements. Pre-development, construction and post-construction job opportunities created as a result of the Project shall be interpreted consistent with the HUD Section 3 definitions of “Employment opportunities generated by Section 3 covered assistance” and “New Hire,” as set forth at 24 CFR 135.5, and may include, without limitation, employment opportunities, whether part-time or full-time, and/or training or apprenticeship opportunities, and are expected to be available in a range of fields from administration to construction. Primestor shall develop a plan for Local Hiring and Section 3 Contracting in accordance with Section 3.2.11 of the Master Development Agreement. The parties acknowledge that some hires may meet the requirements of both the Section 3 Hiring Requirements and the Disadvantaged Worker Hiring Requirements.

a. **Section 3 Hiring Requirements.** 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 existing Federal, State, and local laws and regulations, be directed toward 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,” as further described in HUD’s Section 3 implementing regulations at 24 CFR Part 135 (“**Section 3 Regulations**”). Pursuant to the Section 3 Regulations, specifically 24 CFR 135.34(a)(2), and notwithstanding the priorities set forth in Section III.D of HACLA’s Section 3 Guide and Compliance Plan attached hereto as

Attachment 1 (the “**Section 3 Guide**”), Primestor shall meet the Section 3 Hiring Requirements with the following priorities among eligible applicants: (1) residents of Jordan Downs, (2) qualified Section 3 residents of the Watts neighborhood, (3) participants in HUD’s Youthbuild programs in the City of Los Angeles; and (4) residents of the City of Los Angeles (the “**City**”) who meet Section 3 eligibility requirements, all to the maximum extent feasible.

b. Disadvantaged Worker Hiring Requirements. For purposes of this Rider, “**Disadvantaged Worker**” means an individual whose primary place of residence is in the City, and who, prior to commencing work on the Project, either (a) has a household income of less than fifty percent (50%) of Area Median Income or (b) faces at least one of the following barriers to employment: (i) is homeless, (ii) is a custodial single parent, (iii) is receiving public assistance, (iv) lacks a GED or a high school diploma, (v) has a criminal record or other involvement with the criminal justice system, or (vi) suffers from chronic unemployment.

c. Section 3 Contracting Requirements. To meet Section 3 Business Concern Contracting Requirements, the Partnership shall to the “greatest extent feasible” award at least (i) ten percent (10%) of the total dollar amount of building trades work for all construction contracts and (ii) three percent (3%) of the total dollar amount of all non-construction contracts to Section 3 Business Concerns, as such term is defined in the Section 3 Regulations. Furthermore, the Partnership shall include the Section 3 Clause set forth in 24 CFR Part 135.38 and attached hereto as Attachment 2 in all subcontracts and ensure compliance by its contractors, subcontractors and all parties under its authority performing work related to the Project. In addition, Primestor shall comply with the Procurement Plan for Jordan Downs Redevelopment attached to the MDA as Exhibit 1 and the Assistance to Small, Minority, Women’s, Labor Surplus Area, Section 3, and Resident Business Enterprises required efforts attached here to as Attachment 3. Collectively the requirements of this Section 1.c are referred to herein as the “**Section 3 Contracting Requirements.**”

2. Pre-Development Local Hiring and Section 3 Plan. Primestor shall prepare a plan for meeting the Section 3 Hiring Requirements, the Disadvantaged Worker Hiring Requirements and the Section 3 Business Concern Contracting Requirements described herein during the pre-development phase of the Project (“**Pre-Development Local Hiring and Section 3 Contracting Plan**”) which will include a Compliance Schedule for meeting its employment requirements set forth in the MDA, as amended, including outreach, hiring and training, as well as Section 3 Business outreach and subcontracting.

a. Compliance. Compliance. In order to provide a reasonable opportunity to cure any perceived or actual failures to meet its hiring and subcontracting commitments, Primestor shall submit to HACLA’s Section 3 Compliance Administrator (the “**Compliance Administrator**”) the Section 3 reporting forms required under the Section 3 Guide, as may be amended from time to time, in accordance with the submission schedules set forth in Attachment 4 attached hereto, unless mutually agreed to otherwise by the parties (the “**Pre-Development**

Section 3 Reports”). Within thirty (30) business days of receipt of complete and accurate Pre-Development Section 3 Reports, the Compliance Administrator shall notify Primestor of any perceived or actual deficiencies that could lead to a declaration of default to afford Primestor a reasonable opportunity to cure. In the event Primestor fails to cure following a reasonable opportunity to cure, which in no event shall exceed thirty (30) business days, HACLA will pursue remedies available to it pursuant to this Agreement or other agreements between HACLA and Primestor; provided, however, that Primestor shall be afforded first the opportunity to appeal a declaration of default to the chief executive officer of HACLA.

3. Construction Local Hiring and Section 3 Contracting Plan. Primestor shall prepare a plan for meeting the Section 3 Hiring Requirements, the Disadvantaged Worker Hiring Requirements and the Section 3 Business Concern Contracting Requirements described herein during the construction phase of the Project (“**Construction Local Hiring and Section 3 Contracting Plan**”) which will include a Compliance Schedule for meeting its employment requirements set forth in the MDA, as amended, including outreach, hiring and training, as well as Section 3 Business outreach and subcontracting.

a. Compliance. In order to provide a reasonable opportunity to cure any perceived or actual failures to meet its hiring and subcontracting commitments, Primestor shall submit to the Compliance Administrator the Section 3 reporting forms required under the Section 3 Guide, as may be amended from time to time, in accordance with the submission schedules set forth in Attachment 5 attached hereto, unless mutually agreed to otherwise by the parties (the “**Section 3 Reports**”). Within thirty (30) business days of receipt of complete and accurate Section 3 Reports, the Compliance Administrator shall notify Primestor of any perceived or actual deficiencies that could lead to a declaration of default to afford Primestor a reasonable opportunity to cure. In the event Primestor fails to cure following a reasonable opportunity to cure, which in no event shall exceed thirty (30) business days, in lieu of the penalties for noncompliance set forth in Article VIII.B of the Section 3 Guide, Primestor shall be subject to default penalties calculated as follows:

i. Penalties in the amount of Forty-Five Dollars (\$45.00) per person hour of the shortfall in Section 3 hiring (for example, if 3,000 person hours were expended on newly hired workers during the course of a given week for the project, then of those 3,000 hours, 900 must be worked by Section 3 residents; if Section 3 residents worked only 600 hours, and the contractor showed no good faith efforts, then penalties would be due in the amount of \$45.00 multiplied by the 300-person-hour shortfall, or \$13,500), assessed upon completion of the Project and payable to the HACLA upon demand, or off set from amounts owed for work on the Project;

ii. In addition, penalties will be regarded by the HACLA as poor past-performance and may be grounds for determining that a contractor is non-responsible and ineligible for award of future contracts.

ATTACHMENT 1 TO LOCAL HIRE AND SECTION 3 REQUIREMENTS RIDER

HACLA SECTION 3 GUIDE AND COMPLIANCE PLAN

[attached]

Section 3 Guide and Compliance Plan (v2)

Let's get to work!



Housing Authority of the City of Los Angeles



SECTION 3 GUIDE AND COMPLIANCE PLAN

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SECTION 3 GUIDE AND COMPLIANCE PLAN

I. INTRODUCTION

A. Section 3 Regulation

Section 3 of the Housing and Urban Development Act of 1968 (codified at 12 U.S.C. 1701u and implemented at 24 CFR Part 135, hereinafter, "Section 3"), as amended, requires that economic opportunities generated by the receipt of certain funding from the U.S. Department of Housing and Urban Development ("HUD") for housing and community development programs shall, to the greatest extent feasible, be given to low and very low income persons, particularly those who are recipients of government assistance for housing, and to businesses that provide economic opportunities for these persons (collectively, "Section 3 Beneficiaries").

B. HACLA Policy

It is the intent and policy of the Housing Authority of the City of Los Angeles ("HACLA") to fully comply with Section 3 and to require its Contractors undertaking contracts to which Section 3 applies to demonstrate good faith effort to comply, to the greatest extent feasible, with Section 3 and the responsibilities described under this Section 3 Guide and Compliance Plan (this "Plan") by providing economic opportunities to Section 3 Beneficiaries.

C. Applicability

The requirements set forth in this Plan arise when HACLA utilizes Section 3 Covered Assistance for a Section 3 Covered Project or Section 3 Covered Contract, as those terms are defined here. HACLA reserves the right to impose upon Contractors requirements that go beyond the requirements of Section 3 and this Plan when deemed in the best interest of HACLA.

D. Purposes of this Guide and Compliance Plan

The purpose of this Plan is to assist Contractors in understanding their Section 3 obligations so that they can be successful in meeting these responsibilities. This purpose is accomplished through the guidance and instruction provided in the Plan, in other Section 3 materials and publications provided by HACLA, and assistance provided by HACLA's Section 3 Compliance Administrator. HACLA has developed and continues to develop programs and procedures, all as necessary to implement this Plan in order to realize the goals of Section 3. This Plan shall remain in effect for so long as it remains consistent with federal regulations or until changed by HACLA.

E. Part 135 Amendments and Conflicts

Amendments to 24 CFR Part 135 shall apply to this Plan as of the effective date of the updated regulation. Where provisions of this Plan conflict with 24 CFR Part 135, the latter shall prevail.

II. DEFINITIONS

The following terms used throughout this Plan have the following assigned meanings.

“Contractor” means any person or entity that enters into a contract with HACLA, and includes the plural form “Contractors.” When referred to collectively as Contractor/Subcontractor and its plural form, Contractors/Subcontractors, the term means both the Prime Contractor and any of its Subcontractors engaged under a Section 3 Covered Contract. Contractor also refers to service providers, vendors and developers.

“HACLA” means the Housing Authority of the City of Los Angeles.

“HUD” means the United States Department of Housing and Urban Development.

“IFB” means an Invitation for Bids, which is a procurement methodology that typically awards a contract to the lowest cost bidder, provided that the bidder meets certain minimum criteria.

“Los Angeles Metropolitan Area” means the metropolitan statistical area (MSA) established by the Office of Management and Budget as the Los Angeles-Long Beach-Glendale Metropolitan Area.

“Metropolitan Area” means a metropolitan statistical area established by the Office of Management and Budget, and includes its plural form “Metropolitan Areas.”

“New Hire” means a full-time employee hired on a permanent, temporary or seasonal basis as a direct result of a Contractor’s/Subcontractor’s contractual obligation in connection with a Section 3 Covered Project, and includes its plural form “New Hires.” An employee who was on a Contractor’s/Subcontractor’s payroll on or prior to award of the Section 3 Covered Contract shall not be counted towards the Contractor’s/Subcontractor’s numerical goals under Section III.B herein.

“Nonmetropolitan county” means any county outside of a Metropolitan Area.

“Section 3” means Section 3 of the Housing and Urban Development Act of 1968, as amended, which is codified at 12 U.S.C. 1701u and implemented at 24 C.F.R. Part 135.

“Section 3 Beneficiaries” refers, collectively, to Section 3 Business Concerns and Section 3 Residents.

“Section 3 Business Concern” means a business entity authorized to engage in the type of business activity for which it was formed, and which satisfies one or more of the following criteria: (i) at least fifty-one (51) percent of the business is owned by one or more Section 3 Residents; (ii) at least thirty (30) percent of its permanent, full-time employees include persons who are currently Section 3 Residents, or were Section 3 Residents within three (3) years of the date such persons were first employed with the business; or (iii) a business that provides HACLA sufficient evidence of its commitment to subcontract more than twenty-five (25) percent of the dollar award of all subcontracts awarded under a Section 3 Covered Contract to Section 3 Business Concerns.

“Section 3 Covered Assistance” means financial assistance received from HUD or any other federal agency, receipt of which triggers the obligations that arise under Section 3.

“Section 3 Covered Contract” means a contract entered into directly with HACLA or a subcontract (including a professional service contract) awarded to a Contractor for work generated by the expenditure of Section 3 Covered Assistance, or for work arising in connection with a Section 3 Covered Project, and includes its plural form, “Section 3 Covered Contracts.” It also includes contracts that HACLA has deemed subject to Section 3, as authorized herein.

“Section 3 Covered Project” means a project funded using Section 3 Covered Assistance and includes construction related projects involving the construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), and the construction and reconstruction of buildings and improvements and non-construction related projects. It also includes contracts that HACLA has deemed subject to Section 3, as authorized herein.

“Section 3 Resident” means: (i) public housing resident or (ii) a low or very low income person who lives in the Los Angeles Metropolitan Area of the Section 3 Covered Project and who has a household income that does not exceed HUD’s income limits, as described in the most current version of HUD’s Income Eligibility Guidelines. Includes its plural form, “Section 3 Residents.” Income limits are subject to change annually. Current income limits may be accessed on HACLA’s website at www.hacla.org/s3residentresources and on HUD’s link at http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/section3/section3.

“Subcontractor” means any person or entity (other than a person who is an employee of the Contractor) that contracts with a Prime Contractor on a Section 3 Covered Project, and includes its plural form “Subcontractors.” When referred to collectively as Contractor/Subcontractor and its plural form, Contractors/Subcontractors, the term means both the Prime Contractor and any of its Subcontractors engaged under a Section 3 Covered Contract.

III. GOALS

The goals set forth in this section apply to all Section 3 Covered Contracts awarded by HACLA in any fiscal year.

A. HACLA’s Numerical Goals

1. HACLA shall, to the “*greatest extent feasible*,” provide economic opportunities to Section 3 Beneficiaries.

2. Under HUD regulations, HACLA may satisfy the “*greatest extent feasible*” requirement by meeting these numerical goals:

a. At least 30% of the aggregate number of New Hires to be directed to Section 3 Residents.

b. At least ten percent (10%) of the total dollar amount of all contracts awarded by HACLA for building trades work for maintenance, repair, modernization or development of public housing, or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction related Section 3 Covered Contracts should be awarded to Section 3 Business Concerns.

c. At least three percent (3%) of the total dollar amount of all nonbuilding trades work related Section 3 Covered Contracts awarded by HACLA should be awarded to Section 3 Business Concerns.

B. Contractor Numerical Goals

1. Contractors employed on Section 3 Contracts shall, to the *greatest extent feasible*, provide economic opportunities to Section 3 Beneficiaries.

2. In accordance with Section 3 regulations, Contractors may satisfy the “*greatest extent feasible*” requirement by meeting these numerical goals:

a. Contractors employed under a Section 3 Covered Contract are expected to achieve an employment level of thirty percent (30%) of all New Hires to be Section 3 Residents and to maintain this percentage throughout the life of the contract. This is HACLA’s preferred method for Contractors to meet their Section 3 obligations. The employment should be meaningful, but it need not be related to the scope of services covered under the contract.

b. At least ten percent (10%) of the total dollar amount of all Contractor subcontracts awarded by Contractor in connection with building trades work for maintenance, repair, modernization or development of public housing, or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction related Section 3 Covered Contracts should be awarded to Section 3 Business Concerns.

c. At least three percent (3%) of the total dollar amount of all Contractor subcontracts awarded by Contractor in connection with nonbuilding trade work related Section 3 Covered Contracts should be awarded to Section 3 Business Concerns.

C. Providing Other Economic Opportunities

1. Contractors who are unable to offer training and/or employment opportunities to Section 3 Residents may offer other economic opportunities directed at Section 3 Resident upward mobility and self-sufficiency, such as offering scholarships, and sponsoring enrollment into apprenticeship programs, mentorship programs, and internships.

2. Contractors who are unable to provide subcontracting opportunities to Section 3 Business Concerns may provide and promote mechanisms to create economic opportunities directed at Section 3 Business Concerns, such as scaling of work for purchase of supplies or materials, and/or providing Section 3 Business Concerns with tools to enable them to successfully compete for contracting opportunities, such as bonding and insurance assistance.

D. Contractor Good Faith Efforts

1. Contractors may demonstrate good faith efforts to offer training and employment opportunities to Section 3 Residents by taking such actions as:

a. Promptly notifying HACLA about training opportunities and available employment positions, including job descriptions;

b. Utilizing HACLA's Section 3 Resident Registry to identify job ready Section 3 Residents and informing qualified residents of training opportunities and available employment positions;

c. Advertising training opportunities, and available employment positions in local media outlets and on appropriate social media platforms;

d. Prominently displaying a notice of Section 3 commitments and available employment opportunities at the project site and other appropriate places within the project site, such as where applications for training and employment are taken;

e. Advertising available training opportunities and employment positions by distributing flyers that 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 one or more of HACLA's housing developments and posting copies of the flyer in the development's common areas, including at the community center, the management office and the computer lab as applicable;

f. Contacting Resident Advisory Councils (RACs) and other resident organizations to inform them of training and available employment positions;

g. Contacting agencies administering Los Angeles County YouthBuild Programs, and requesting their assistance in recruiting LA County YouthBuild Program participants for training opportunities and employment positions;

h. Consulting with state and local agencies administering training programs, such as those funded through Workforce Investment Act, unemployment compensation programs, community organizations and other officials or organizations to assist with training and recruiting Section 3 Residents for employment positions;

i. Developing on the job training opportunities;

j. Keeping a list of Section 3 Residents who apply directly or by referrals for the available jobs;

k. Contacting local job training centers, worksource centers, and community organizations to inform them of training opportunities, available employment positions and subcontracting opportunities;

l. Working with labor organizations to set up a Project Labor Agreement (PLA) if feasible, or making similar arrangements for dispatching and training of Section 3 Residents in

order of hiring priority;

m. Sending to labor organizations or representatives of workers with whom the Contractor/Subcontractor has a collective bargaining agreement or understanding, a notice of its Section 3 project commitments; and

n. Utilizing resources and methods identified in the Appendix to 24 CFR Part 135 I.

2. Contractors may demonstrate efforts to inform and award contracts to Section 3 Business Concerns by taking such steps as:

a. Contacting businesses listed in HACLA's registry of certified Section 3 Business Concerns to inform them of subcontracting opportunities (see www.hacla.org/forms);

b. Contacting Metropolitan Area businesses listed in HUD's registry of certified Section 3 Business Concerns to inform them of subcontracting opportunities (see <https://portalapps.hud.gov/Sec3BusReg/BRegistry/SearchBusiness>);

c. Advertising subcontracting opportunities through trade association publications, local media outlets, on appropriate social media platforms, and at the project site;

d. Notifying business associations, business assistance centers, and other community organizations of contracting opportunities and requesting their assistance in identifying Section 3 Business Concerns to solicit bids or proposals;

e. Establishing or sponsoring programs designed to assist Section 3 Business Concerns to enable them to participate in subcontracting opportunities; and

f. Utilizing resources and methods identified in the Appendix to 24 CFR Part 135 II.

3. Contractors who fail to meet these Section 3 numerical goals have the burden of demonstrating, to HACLA's satisfaction, the reason why compliance was not feasible by providing HACLA with documentation of good faith efforts taken and barriers encountered.

E. Preference for Section 3 Residents in Training and Employment Opportunities

1. In accordance with the guidelines set forth at 24 CFR Part 135.34, unless otherwise provided therein, Contractors performing work under Section 3 Covered Contracts shall direct their efforts to provide, to the greatest extent feasible, new training and employment opportunities to Section 3 Residents in the following order of priority:

a. First priority (P1): Individuals residing in the HACLA owned or managed public housing development where the Section 3 Covered Project is being performed.

b. Second priority (P2): Individuals residing in other HACLA owned or managed public housing developments.

c. Third priority (P3): Other residents of Los Angeles County who are participants of HUD Youth Build Programs being carried out in within the Los Angeles Metropolitan Area or Nonmetropolitan county in which the Section 3 covered assistance is expended.

d. Fourth Priority (P4): Other Section 3 Residents.

IV. SECTION 3 FUND CONTRIBUTIONS

A. Purpose of Fund

HACLA has established a Section 3 Fund to permit Contractors to contribute funding for programs that generate economic and employment opportunities for Section 3 Residents, where the Contractor has demonstrated to HACLA's satisfaction, that compliance with Section 3 requirements for hiring, subcontracting and providing other economic opportunities is not feasible. Contractor contributions to the Section 3 Fund are considered an option of last resort, as HACLA's preferred method for Contractors to meet their Section 3 obligations is to satisfy their numerical goals, as expressed herein. HACLA does not accept Contractor contributions to the Section 3 Fund in lieu of compliance with Section 3 or this Plan.

B. Participation in Fund

1. Contractors who, prior to contract award, are unable to satisfy their numerical goals despite demonstrating good faith efforts as outlined above, may, at HACLA's election, be required to contribute to the Section 3 Fund.

2. Contractors who, following contract award, are unable to satisfy their Section 3 commitments as set forth in their Economic Opportunity Plan ("EOP," described below) may, at HACLA's election, be permitted to contribute to the Section 3 Fund and avoid the penalties for default described in section X.B herein, provided the Section 3 Compliance Administrator finds Contractor's lack of compliance is due to extraordinary circumstances and not due to the Contractor's lack of good faith compliance efforts or Contractor's failure to exhaust all feasible alternatives for compliance.

C. Contribution Requirements

1. For construction related Section 3 Covered Projects, Contractor contributions to the Section 3 Fund shall be equal to the lessor of three percent (3%) of (i) the total contract amount plus any modifications, or (ii) the actual dollar amount spent by HACLA under the contract.

2. For non-construction related Section 3 Covered Projects, Contractor contributions shall be equal to the lessor of three percent (3%) of (i) the total contract amount plus any modifications, or (ii) the actual dollar amount spent by HACLA under the contract.

3. Section 3 Fund contributions are based solely on net amount paid to Contractor, excluding shipping fees and taxes. All expenses authorized under the contract, including license fees, labor and materials costs, are subject to Section 3 Fund contribution calculations.

D. Payment Options

1. For construction related Section 3 Covered Projects with contracts of up to one (1) year, Contractors have the option of making contributions in a single up-front payment or making payments on a periodic basis following the receipt of contract payments from HACLA, provided such periodic payments must be in amounts of no less than three percent (3%) of the amount HACLA paid the Contractor for a particular installment.

2. For all contracts exceeding one (1) year, Contractors have the option of making contributions (i) in a single up-front payment at contract commencement based upon the subject year's contract award value, (ii) in periodic payments of three percent (3%) or greater of each payment received from HACLA, or (iii) at the end of the contract year based upon the actual dollar amount spent by HACLA under the contract for that particular year.

3. Contractors making their Section 3 Fund contribution at the end of contract year shall submit payment in full within thirty (30) days after the receipt of HACLA's final or year-end payment under the contract.

4. Section 3 Fund contributions for contracts terminated before the contract year end term shall be paid in full at the time of termination.

E. Voluntary Contributions

Contractors may contribute to the Section 3 Fund in discretionary amounts in addition to satisfying their Section 3 obligations.

F. Use of Section 3 Fund Proceeds

1. Section 3 Funds shall only be used by HACLA to further the purpose of Section 3, which are to provide economic and employment opportunities to Section 3 Residents.

2. In support of the purposes of Section 3 and in furtherance of this Plan, Section 3 Funds shall be used for job training, education and employment service programs that are specifically directed at assisting Section 3 Residents find meaningful employment. Such programs include, but are not limited to:

a. Occupational/trade training programs that provide Section 3 Resident trainees with individualized support to enhance social, vocational and developmental skills; and

b. HACLA-approved apprenticeship training programs and HACLA-approved pre-apprenticeship training programs designed to prepare Section 3 Resident trainees to enter into and succeed in an approved apprenticeship program.

3. Programs awarded Section 3 Funds will be carefully monitored to ensure effective use and quality of services.

V. SECTION 3 BUSINESS CONCERNS

A. Bid Preference

1. HACLA has adopted a bid preference for Section 3 Business Concerns when awarding Section 3 Covered Contracts utilizing the Invitation for Bids (“IFB”) method of soliciting construction and maintenance activities. The bid preference does not apply to materials-only contracts, service contracts or contracts that are procured without the use of federal funds.

2. The bid preference requires that the IFB be awarded to the qualified Section 3 Business Concern with the lowest responsive and responsible bid and highest priority ranking if that bid meets the criteria set forth in the following Bid Preference Table:

Bid Preference Table

When the lowest responsive bid is:	Section 3 Business Concern bid is within lesser of:
Less than \$100,000:	10% of that bid or \$9000
At least \$100,000, but less than \$200,000	9% of that bid, or \$16,000
At least \$200,000, but less than \$300,000	8% of that bid, or \$21,000
At least \$300,000, but less than \$400,000	7% of that bid, or \$24,000
At least \$400,000, but less than \$500,000	6% of that bid, or \$25,000
At least \$500,000, but less than 1 million	5% of that bid, or \$40,000
At least \$1million, but less than \$2 million	4% of that bid, or \$60,000
At least \$2 million, but less than \$4 million	3% of that bid, or \$80,000
At least \$4 million, but less than \$7 million	2% of that bid, or \$105,000
\$7 million or more	1½% of the lowest responsive bid, with no dollar limit

B. Designation as a Section 3 Business Concern

1. Business owners seeking HACLA’s designation as a Section 3 Business Concern must submit a Section 3 Business Certification Form (to be provided by HACLA) in their bid/offer package, along with required supporting documentation.

2. Where a business entity is certified by HACLA as a Section 3 Business Concern based on its ownership interest (i.e., at least fifty-one percent (51%) of the business is owned by one or more Section 3 Residents) or the percentage of employees who are or were Section 3 Residents at the time of contract award (i.e., at the time of award, at least thirty percent (30%) of its permanent, full-time employees include persons who are currently Section 3 Residents, or were Section 3 Residents within three (3) years of the date such persons were first employment with the business), the certification is valid for three (3) years.

3. Where a business entity is certified by HACLA as a Section 3 Business Concern based on its commitment to subcontract more than twenty-five percent (25%) of the dollar award of all subcontracts awarded under a Section 3 Covered Contract to Section 3 Business Concerns, HACLA’s certification of the business is valid for the term of the business’ Section 3 Covered Contract.

4. HACLA reserves the right but is not compelled to accept a Contractor's/Subcontractor's certification as a Section 3 Business Concern approved by another governmental entity.

5. Certification as a Section 3 Business Concern does not relieve Contractors from their Section 3 obligations, including the achievement of their numerical goals. All Section 3 Business Concerns are required to demonstrate compliance with Section 3 and this Plan.

VI. SECTION 3 RECRUITMENT AND NEW HIRES

Contractors are expected to make good faith efforts to achieve the numerical goals outlined at Section III.B herein, following the Section 3 Resident priority preferences set forth at Section III.E herein. This section provides guidance for the recruitment of New Hires, including New Hires who are Section 3 Residents.

A. Recruitment Efforts

1. HACLA maintains a database of employment-ready Section 3 Residents who meet certain minimum qualifications for various categories of employment. Upon receipt of a completed Section 3 Job Order Form from Contractor/Subcontractor, HACLA will provide referrals of qualified candidates from the database. When reasonably possible, Contractors are expected to provide HACLA with the Section 3 Job Order Form well in advance of project commencement.

2. Upon receipt of a Section 3 Job Order Form, HACLA will refer qualified candidates for interviews for each available position. Contractors are expected to give each New Hire candidate full consideration for available positions.

3. Independent of HACLA's efforts and referrals, Contractors shall engage in independent employment recruitment efforts following the Section 3 Resident priority preferences set forth at Section III.D herein using the methods and resources identified at Section III.C and others as applicable.

4. Contractors shall submit to HACLA their interview notes, including reasons for denial of employment or training opportunity and any follow up actions to be taken to assist the Section 3 Resident in the future, as applicable.

B. Section 3 Resident New Hires

1. All Section 3 Resident New Hires shall be employees of the Contractor and shall have all the protections afforded to employees under state, federal and local laws. Contractors are expected to impose the same hiring requirements and personnel rules and policies upon Section 3 Resident New Hires as are imposed upon their other employment candidates and employees.

2. Contractors are required to report to HACLA within two (2) business days of hiring Section 3 Residents and shall provide to HACLA a completed Section 3 Resident Certification Form (to be provided by HACLA) for each Section 3 Resident New Hire.

C. Apprenticeship Programs

1. Contractors who employ apprentices to satisfy their numerical goals are required to utilize appropriate apprenticeship programs approved by the federal Department of Labor (“DOL”).
2. Contractors who employ apprentices on construction projects that are subject to the Davis-Bacon Wage Act are required to adhere to all legal requirements for wage rates and ratios of apprentices to journeymen set forth therein.
3. For each apprentice employed on a project, Contractors shall, prior to contract commencement, submit to HACLA apprentice certificates issued by the Department of Labor.

D. Limitations

Contractors/Subcontractors retain the sole discretion and control over any hiring and personnel decisions. HACLA cannot and will not exercise any control over any of the Contractors’ or Subcontractors’ employees, including New Hires, regardless of whether they were referred by HACLA or are Section 3 Residents.

E. Documented Efforts

Contractors shall document efforts taken to recruit and interview Section 3 Residents for hire and shall, upon reasonable request, provide HACLA with documentation that demonstrates such efforts, including interview notes, which shall include reasons for denial of employment or other actions as applicable.

F. Lack of Compliance

A Contractor’s failure to satisfy the requirements of this section may result in HACLA’s determination that the Contractor has failed to demonstrate good faith efforts to comply with the requirements of Section 3 and this Plan, and may subject Contractor to the penalties for default described in section XI.B herein, which include monetary fines and debarment.

VII. REQUIRED SUBMISSION DOCUMENTS

A. Section 3 Economic Opportunity Plans

1. All Contractors awarded a Section 3 Covered Contract and their Subcontractors shall prepare an Economic Opportunity Plan (“EOP”), which provides HACLA a “snapshot” of Contractors’ and Subcontractors’ current workforce, anticipated workforce to complete the project, subcontracting needs and efforts to generate economic opportunities in compliance with Section 3 and this Plan. The specific requirements of the EOP will be included in HACLA’s solicitation for the work.
2. Unless the solicitation specifies otherwise, a Contractor’s EOP shall be submitted to HACLA with Contractor’s bid/offer package. Bids/Offer submitted by Contractors without an EOP, when required, will be rejected as non-responsive and will not be considered for contract award.

3. Unless the solicitation specifies otherwise, a Subcontractor's EOP shall be submitted to HACLA prior to commencement of the contract.

4. EOP commitments will be incorporated into the contract. Contractors are responsible for incorporating their EOP commitments in any subcontracts it awards for the contract work.

5. Failure on the part of Contractor/Subcontractors to meet the commitments set forth in Contractor's EOP may subject Contractor to the penalties for default described in Section X.B herein, including a determination that the Contractor is in material default of the contract.

B. Declaration of Intent to Comply with Section 3 Regulations

1. In addition to the EOP, Contractors awarded a Section 3 Covered Contract and their Subcontractors shall complete a Declaration of Intent to Comply with Section 3 Regulations form (to be provided by HACLA), which shall be submitted with Contractor's bid/offer package, unless the solicitation specifies otherwise.

2. Bids/Offer submitted by Contractors without completed Declarations, when required, may be rejected as non-responsive and will not be considered for contract award.

C. Section 3 Compliance Summary Report

1. Contractors shall, upon HACLA's request, provide periodic reports using the Section 3 Compliance Summary Report form (to be provided by HACLA). The report shall include information about New Hires, business subcontracting and supporting documents that reflect Contractor/Subcontractor good faith efforts to satisfy Section 3 requirements and fulfil its Section 3 commitments.

2. HACLA reserves the right to request from Contractor additional compliance documents to support data reported in the Section 3 Compliance Summary Report , and to request such other documents as HACLA deems necessary for clarification and proof of efforts.

VIII. DEVELOPMENT AND REDEVELOPMENT PROJECTS

In recognition that large-scale development and redevelopment projects (i) present a unique opportunity to generate employment and job training opportunities for Section 3 Residents, and (ii) typically involve mixed funding which may impose hiring priorities that differ from those specified in this Plan, HACLA's Board of Commissioners adopts the following exceptions and requirements for Section 3 Covered Projects that are procured in connection with large-scale development and redevelopment projects that are subject to the Board's approval.

A. Priorities and Commitments

1. The project's master development agreement, disposition and development agreement, or similar agreement between HACLA and the developer, may, consistent with 24 CFR Part 135.34, reflect priorities for training and employment opportunities that differ from those

outlined at Section III.E herein.

2. The developer is responsible for submitting to HACLA a detailed Section 3 Economic Opportunity Plan that details its approach, methods and resources to be used to meet and/or exceed HUD numerical goals.

3. The developer's specific, negotiated Section 3 commitments shall be made applicable to developer's Contractors, Subcontractors and all other businesses employed on the project. The developer will be held responsible for enforcing Section 3 requirements and project commitments, and for monitoring its Subcontractors' performance for compliance.

B. Penalties

In the event the developer fails to meet its commitments and can not demonstrate to HACLA's satisfaction that good faith efforts have been made to fulfil their commitments, it shall be subject to penalties for non-compliance as negotiated in its master development agreement, disposition and development agreement or similar agreement between HACLA and the developer. Shall no such penalty agreement exist, the penalties for non-compliance set forth at Section X.B herein shall apply to the project.

C. Conflicts

Except as expressly set forth herein, Section 3 requirements and this Plan shall apply to the project. In the event of any perceived or actual conflicts between developer's specific, negotiated Section 3 commitments and the requirements of 24 CFR Part 135 and/or this Plan, HACLA's determination shall be final and binding.

IX. REQUIREMENTS APPLICABLE TO HUD NOTICE OF FUNDING AVAILABILITY (NOFA) PROGRAMS

The Section 3 compliance requirements at 24 CFR Part 135.9 apply to all HUD Notices of Funding Availability (NOFAs) and shall be imposed in all HACLA NOFA solicitations.

X. COMPLIANCE

A. Reviews for Compliance

1. HACLA may periodically audit Contractors'/Subcontractors' performance for compliance with the requirements of Section 3 and this Plan, and may conduct periodic project site visits to support such efforts.

2. In connection with an audit for compliance, HACLA reserves the right to request from Contractors/Subcontractors additional reports and information concerning its efforts to comply with requirements of Section 3 and this Plan, and the Section 3 related contract terms and conditions.

B. Penalties for Non-Compliance

1. Contractors who fail to comply with their EOPs or otherwise fail to meet their commitments and obligations arising under Section 3, this Plan or the Section 3 related contract terms and conditions, shall, following notice and a reasonable opportunity to cure (as determined by HACLA in its sole discretion based upon the circumstances), be deemed in material default of their contracts, and may be subject to administrative penalties and/or debarment as follows:

a. 1st Violation: Administrative penalty of ten percent (10%) of the contract award amount including all amendments.

b. 2nd Violation: Administrative penalty of additional ten percent (10%) of the contract award amount including all amendments.

c. 3rd Violation: Debarment, suspension, denial of participation in HACLA contracting or HUD programs in accordance with 24 CFR § 135.74d.

XI. RECORDS RETENTION

HACLA and any of their duly authorized representatives shall, until three years after final payment under the Section 3 Covered Contract, have access to and the right to examine any Contractor or Subcontractor directly pertinent books, documents, papers, or other records concerning Section 3 outreach efforts and commitments for the purpose of making audit, examination, excerpts, and transcriptions.

XII. RESOURCES

A. General Information

HUD publishes general information concerning Section 3, including the federal regulations implementing Section 3 (24 CFR part 135), at www.hud.gov/section3.

HACLA has published its own Frequently Asked Questions concerning Section 3, which is available here: www.hacla.org/section3.

B. HACLA Forms

All HACLA forms referenced in this Plan are available online at www.hacla.org/forms or by contacting HACLA's Section 3 Compliance Administrator at: section3@hacla.org.

C. Questions and Complaints

Questions or complaints concerning this Plan or HACLA's Section 3 program should be directed to HACLA's Section 3 Compliance Administrator:

**Housing Authority of the City of Los Angeles
Section 3 Compliance Administrator**

2600 Wilshire Blvd., 4th Floor
Los Angeles, CA 90057
Email: section3@hacla.org

Consistent with 24 CFR §135.76, a Section 3 Resident or a Section 3 Business Concern may file a Section 3 related complaint directly with HUD using HUD form 958.

History:

10/30/14: Section 3 Guide and Compliance Plan adopted by Board Resolution No. 9167

11/28/17: Section 3 Guide and Compliance Plan (V2) adopted by Board Resolution No. 9693

ATTACHMENT 2 TO LOCAL HIRE AND SECTION 3 REQUIREMENTS RIDER

SECTION 3 CLAUSE

All section 3 covered contracts shall include the following clause (referred to as the section 3 clause) or a successor clause contained in any revisions to Section 3 or the Section 3 Regulations:

- 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 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 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.
- 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.

ATTACHMENT 3 TO LOCAL HIRE AND SECTION 3 REQUIREMENTS RIDER

ASSISTANCE TO SMALL, MINORITY, WOMEN'S, LABOR SURPLUS AREA, SECTION 3, AND RESIDENT BUSINESS ENTERPRISES

REQUIRED EFFORTS

Consistent with Presidential Executive Orders 11625, 12138 and 12432, Title VI of the Civil Rights Act of 1968, and Section 3 of the Housing and Urban Development Act of 1968, as amended, Master Developer shall make efforts to ensure that small, minority-owned and woman-owned business enterprises, labor surplus area businesses, and individuals or firms located in, or owned in substantial part by persons residing in, the area of a HACLA public housing development are used when possible. Such efforts shall include, but shall not be limited to:

1. Including such firms, when qualified, on solicitation mailing lists;
2. Encouraging the participation of such firms through direct solicitation of bids or proposals whenever they are potential sources;
3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;
4. Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;
5. Using the services and assistance of the Small Business Administration, the Minority Business Development Agency of the Department of Commerce, and the City of Los Angeles Mayor's Office of Economic Development;
6. Including in all contracts funded from sources covered by Section 3, the Section 3 clause prescribed at 24 CFR 135.38, which clause sets forth Section 3 preference requirements and compliance goals for employment and training of public housing residents and for contracting and subcontracting with businesses owned by public housing residents or which otherwise meet the criteria of a Section 3 business concern. Pursuant to 24 CFR 135.36, efforts shall be directed to award Section 3 covered contracts, to the greatest extent feasible to Section 3 business concerns.
7. Requiring prime contractors, when subcontracting is anticipated, to take the positive steps listed in 1 through 6 above. Anticipated levels of participation may periodically be established by HACLA for small, minority-owned and woman-owned business enterprises, labor surplus area businesses, and business concerns which are located in, or owned in substantial part by persons residing in, the area of the project, in HACLA's prime contracts and subcontracting opportunities.

ATTACHMENT 4 TO LOCAL HIRE AND SECTION 3 REQUIREMENTS RIDER

SECTION 3 COMPLIANCE REPORTS SUBMISSION SCHEDULE

To be reported at contract execution:

- a. Form 1: Declaration of Understanding and Intent to Comply
- b. Form 2: Section 3 Business Concern Certification
- c. Form 4: Economic Opportunity Plan (EOP) - for all subcontractors to identify hiring, subcontracting and other commitments

To be reported monthly:

- a. Form 3: Section 3 Resident Certifications – to understand how many Section 3 Residents were hired, if the subcontractors are meeting their minimum numerical targets, if the order of hiring priority is being observed (may be required to attach documentation of efforts).

To be reported quarterly:

Compliance Summary Report, including, but not limited to, the following information:

- a. Dollar amount of contracts awarded to Section 3 and non-Section 3 Businesses
- b. List of subcontractors, their start dates, amounts of subcontract, and similar data.
- c. Detailed hiring information to determine if Section 3 Hiring and Work Hour goal is being met; if the order of hiring priority is being observed.
- d. Support documentation to demonstrate efforts made to fulfill Section 3 goals and commitments.
- e. Information on the workforce at the Development site and how many are Section 3 residents, new hires.
- f. A Best Practices Guide or Development End Report which outlines good faith efforts, achievements and obstacles, to be submitted at closeout of each phase.

EXHIBIT F-2

PRE-DEVELOPMENT SECTION 3 PLAN

[attached]

LOCAL HIRING AND SECTION 3 CONTRACTING PLAN

Watts Community Center

1. Section 3/Local Hire Program

Omnia 2020, LLC (hereinafter referred to as “Primestor” or “Developer”) agrees to implement and require all Third Party Contractors (hereinafter, “Contractors”) to implement for the duration of their engagement in any of the phases of the Project (as defined under that certain Supplemental Agreement for Additional Services No. 2 dated July ____, 2020 by and between Developer and Housing Authority of the City of Los Angeles (the “ASA No.2”) a Section 3/Local Hire Program which satisfies the commitments made in the Master Development Agreement dated August 1, 2012 “MDA” and subsequent amendments (see Local Hire and Section 3 Rider) and in conformity with the 24 CFR Part 135 and HACLA’s Section 3 Guide and Compliance Plan as applicable.

A. PHASES

1. Pre-Development
2. Construction Documentation
3. Development

B. SECTION 3/LOCAL HIRING REQUIREMENTS

1. Developer hereby agrees to ensure that its Contractors/Consultants shall, to the greatest extent feasible, meet the following targeted hiring commitments throughout all three phases identified above:
 - a. A minimum of 30% of all New Hires (as defined in the MDA) employed on the Project shall be Section 3 Residents of the City of Los Angeles, with priority given in the following order:
 - i. First Priority (P1): Jordan Downs residents
 - ii. Second Priority (P2): Watts Residents
 - iii. Third Priority (P3): HUD YouthBuild participants in the City of Los Angeles
 - iv. Fourth Priority (P4): City of L.A. residents who meet the Section 3 eligibility requirements
 - b. A minimum of 10% of Section 3 New Hires shall be Disadvantaged Workers which satisfy one or more of the following criteria:
 - i. Household income is less than 50% of the area median income
 - ii. Individual faces documented barriers to employment
 - iii. Individual
 1. Is homeless
 2. Is a custodial single parent
 3. Is on public assistance
 4. Lacks a GED or High School diploma

- 5. Has a criminal record or is involved in the criminal justice system
 - 6. Suffers chronic unemployment
- c. To the greatest extent feasible, at least 10% of the total dollar amount of all contracts/subcontracts awarded in connection with Project shall be awarded to Section 3 Business Concerns. Additionally, at least 3% of the dollar amount of non-construction contacts (i.e. professional services) awarded in connection with the Project shall be awarded to Section 3 Business Concerns. Section 3 Business Concerns are defined as businesses which satisfy one or more of the following criteria:
- i. At least 51% of business is owned by one or more Section 3 Residents
 - ii. At least 30% of its permanent, full-time employees include current Section 3 Residents or individuals who were Section 3 Residents within 3 years of the date of first employment with the business
 - iii. A business that provides sufficient evidence of commitment to subcontract more than 25% of the dollar award of subcontracts to Section 3 Business Concerns.

2. Internships/Apprenticeship/Training Programs

Through a partnership with the Watts/Los Angeles WorkSource Center ("WLAWSC"), Internships, Apprenticeships and Training Programs will be developed and implemented in order to increase the skill of Section 3 Residents and Disadvantaged Workers so that these individuals can be trained for available employment opportunities on the Project and enter the pool of skilled labor, fully qualified for living wage jobs. Said Internships / Apprenticeship/Jobs shall include the following components:

- a. All Contractors/Consultants performing work on the Project will use reasonable, good-faith efforts to employ the maximum number of Interns / Apprentices/Trainees.
- b. All Interns/Trainees/Apprentices shall work under the direct supervision of professional staff knowledgeable in the field in which the Contractor/Consultant is engaged.
- c. Developer will use its reasonable efforts to cause Contractors/Consultants to assign such workers to the Project.
- d. Developer and Contractors/Consultants will collectively work with Section 3 Residents to create a career development plan by engaging them in appropriate trainings and assignments to develop skills and become employed.

3. SECTION 3 RECRUITMENT AND NEW HIRES

- a. Recruitment
 - i. All Contractors/Consultants shall complete and submit a Section 3 Job Order

Form (Attachment "A" herein) to HACLA in order to obtain referrals for qualified candidates from the WLAWSC database. Section 3 Job Order Forms shall be submitted well in advance of project commencement when reasonably possible so that a sufficient pool of candidates can be identified for timely training prior to employment and those with existing skills and interest can be referred to Contractors/Consultants.

- ii. Contractors/Consultants shall give each Section 3 candidate full consideration for available positions, as appropriate, and will impose the same hiring requirements upon Section 3 Resident new hires as are imposed upon other interns/trainees/employment candidates; provided, however; Contractors/Consultants recognize that Section 3 Residents including Disadvantaged Workers may possess impediments to employment which should be considered and accommodated where reasonably possible.
- iii. Contractors/Consultants shall engage in independent efforts to recruit Section 3 Residents in those instances where the WLAWSC database is unable to provide a sufficient pool of Section 3 Residents. Those efforts shall include but will not be limited to:
 - Advertising available internships, training and employment positions by distributing flyers that identify positions to be filled, qualifications required, and where to obtain additional information about the application process to every occupied dwelling unit in Jordan Downs and other HACLA housing developments and posting copies of the flyer in the development's common areas;
 - Promoting internships, training and employment opportunities at Resident Advisory Council ("RAC") meetings and community job fairs;
 - Contacting agencies administering Los Angeles County YouthBuild programs and requesting their assistance in recruiting LA County YouthBuild program participants for internships, training opportunities and employment positions;
 - Consulting with state and local agencies administering training programs, such as those funded through Workforce Investment Act, unemployment compensation programs, community organizations and other officials or organizations to assist with recruiting Section 3 Residents for internships, training opportunities and employment positions;
 - Advertising internships, training opportunities and employment positions through local media, such as community television networks, newspapers of general circulation and radio advertising.

4. Section 3 Business Concerns and MBE/WBE subcontracting

- i. Good Faith efforts shall be made to award contracts to Section 3 Business Concerns, small business enterprises (SBE), minority owned business enterprises (MBE), women-owned business enterprises (WBE) and labor surplus area (LSA) businesses to maximize their participation in the pre-development, construction documentation and redevelopment process.
- ii. Participation of such firms shall be encouraged through direct solicitation of bids or proposals whenever they are potential sources and the scaling of jobs where reasonably possible to provide subcontracting opportunities.

- iii. Additional outreach will be conducted with local business community organizations, contractor groups and business centers, such as Vermont Slauson Business Source Center and Harbor Watts Business Source Center.
- iv. Utilizing HACLA and HUD Section 3 Business Registries.
- v. Priority shall be given to Section 3/MBE/WBE businesses whenever feasible and particularly, to Section 3 Business Concerns.

5. Recordkeeping and Reporting

- a. Developer will monitor Section 3 compliance by all Contractors/Consultants during the three phases identified above and will submit the required monthly and quarterly reports using HACLA forms based on the Section 3 Reports Submission Schedule below:

To be reported at contract execution:

- (i) Form 1: Declaration of Understanding and Intent to Comply (Attachment "B1" herein)
- (ii) Form 2: Section 3 Business Concern Certification (if applicable) (Attachment "B2" herein)
- (iii) Form 4: Economic Opportunity Plan (EOP) (Attachment "B3" herein) - for all Vendors to identify hiring, subcontracting and other commitments.

To be reported monthly:

- (i) Form 3: Section 3 Resident Certifications (Attachment "C" herein) – to understand how many Section 3 Residents were hired, if the Vendors are meeting their commitments, if the order of hiring priority is being observed (may be required to attach documentation of efforts).

To be reported quarterly: Form 5: Section 3 Compliance Summary Report (Attachment "D" herein) - must include the following information:

- (i) Dollar amount of contracts awarded to Section 3 and non-Section 3 Businesses.
- (ii) List of Contractors/Consultants, their start dates, amounts of subcontracts, and similar data.
- (iii) Detailed hiring information to determine if 30% new hire goal is being met and understand if the order of hiring priority is being observed.
- (iv) Information on the workforce at the project site and how many Section 3 residents are interns, trainees or new hires.

- b. Developer will ensure that all parties performing work on the project document their efforts, keep any such documentation of good faith efforts and will compile and provide the same to HACLA as requested.
- c. Developer will also timely submit other reports detailing their Section 3 activities and progress to date as may be requested by HACLA's Section 3 Compliance Administrator.

6. Demonstration of Compliance and Penalties

- a. If the Developer has met or exceeded the Local Hiring and Section 3 Hiring Program numerical requirements, the Developer is in compliance.

- b. If the Developer has not met their numerical requirements, Developer has to demonstrate that good faith efforts have been made to satisfy those requirements. Developer will be required to submit to HACLA's Section 3 Compliance Administrator documents supporting its good faith efforts, including but not limited to:
 - i. Outreach and partnerships with HACLA, WLAWSC and the community to facilitate the success of the Local Hiring and Section 3 Hiring Policy, by arranging meetings, job fairs, events attended by the Developer, the WLAWSC, and Contractors;
 - ii. Detailed information on internship and training programs offered to Section 3 residents;
 - iii. Detailed listings of job postings and contacts with HACLA and the qualified recruitment organization;
 - iv. Documentation of Section 3 applicants and reasons for not hiring those candidates from target populations, if any; and
 - v. Submission of accurate and timely Local Hiring reports.

Within thirty (30) business days of receipt of complete and accurate Section 3 Reports, the Section 3 Compliance Administrator shall notify the Developer of any perceived or actual deficiencies that could lead to a declaration of default to afford the Developer a reasonable opportunity to cure. In the event the Developer fails to cure following a reasonable opportunity to cure, which in no event shall exceed thirty (30) business days, in lieu of the penalties for noncompliance set forth in Article VIII.B of the Section 3 Guide, the Developer shall be subject to default penalties calculated as follows:

- (1) Penalties in the amount of Forty-Five Dollars (\$45.00) per person hour of the shortfall in Section 3 hiring (for example, if 3,000 person hours were expended on newly hired workers during the course of a given week for the project, then of those 3,000 hours, 900 must be worked by Section 3 residents; if Section 3 residents worked only 600 hours, and the contractor showed no good faith efforts, then penalties would be due in the amount of \$45.00 multiplied by the 300-person-hour shortfall, or \$13,500), assessed upon completion of the Project and payable to the Authority upon demand, or off set from amounts owed for work on the Project;
- (2) In addition, penalties will be regarded by the Authority as poor past-performance and may be grounds for determining that a contractor is non-responsible and ineligible for award of future contracts.

This Section 3 Plan and numerical goals apply to all phases of the Project, including the pre-development phase. Reports for all phases of the Project shall be submitted HACLA's Section 3 Compliance Administrator using Section 3 Reporting Forms as identified in related agreements and according to the schedule noted above.