

Invitation For Bids (IFB)
No. B19002, Nora Building Tenant Improvements and Renovation
Section 3 Business Preference Explanation
(RFQ Attachment D-1)

1. Introduction. The purpose of this document is to, in simplified terms, explain to proposers major issues pertaining to the Section 3 Business Preference program required by the Agency's funding source, the U.S. Department of Housing and Urban Development (HUD). Also, hereinafter, a Section 3 Business Preference will be referred to as "Preference."

2. What is Section 3?
 - 2.1. Section 3 is a provision of the Housing and Urban Development Act of 1968, which recognizes that HUD funds are typically one of the largest sources of federal funding expended in communities, including those communities served by the Agency. Section 3 is intended to ensure that when a contractor has need to hire additional people as the result of receiving a contract from the Spokane Housing Authority (hereinafter, "the Agency"), preference must be given to low- and very low-income persons residing in Spokane County, WA (Section 3 resident), or Section 3 business concerns.

 - 2.2. The requirements pertaining to Section 3 apply only to purchases and contracts the Agency completes for work—the requirements of Section 3 DOES NOT apply to purchases or contracts the Agency completes solely for commodities or equipment; meaning, "no work provided, no Section 3 required."

 - 2.3. Section 3 is race and gender neutral in that preferences are based on income-level and location.

3. What does the term "Section 3 resident" mean?
 - 3.1. A "Section 3 resident" is:
 - 3.1.1. A public housing resident of the Agency; or
 - 3.1.2. A low- or very low-income resident of Spokane County, WA
 - 3.1.2.1. Low- and very low-income within Spokane County, WA is defined as residents within the following income levels for FY 2019 (Median Income = \$71,700):

Table 1

Income Limit Category	(1) Person	(2) Persons	(3) Persons	(4) Persons	(5) Persons	(6) Persons	(7) Persons	(8) Persons
Very Low (50%)	25,100	28,700	32,300	35,850	38,750	41,600	44,500	47,350
Extremely Low (30%)	15,050	17,200	19,350	21,500	23,250	24,950	26,700	28,400
Low (80%)	40,150	45,900	51,650	57,350	61,950	66,550	71,150	75,750

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4. What does the term "Section 3 business concern" mean?
 - 4.1. A "Section 3 business concern" is a business that can provide evidence that it meets one of the following:
 - 4.1.1. It is 51% or more owned by a Section 3 resident; or
 - 4.1.2. At least 30% of its full-time employees include person that are currently Section 3 residents, or within 3 years of the date of first employment with the business concern were Section 3 residents; or
 - 4.1.3. Provides evidence of a commitment to subcontract in excess of 25% of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications within the preceding 3.1.1 or 3.1.2.
5. Is participation in Section 3 optional?
 - 5.1. Except for purchases or contracts solely for commodities and equipment, as a part of the solicitation the Agency will offer all proposers and proposers the option of a Preference.
 - 5.2. In response to a competitive solicitation (this Request for Proposals or RFP), proposers are not required to respond to the Agency with a claim of a Preference (meaning, such claim is optional and failure to respond with a claim of a Preference will not cause the proposer to be deemed non-responsive); however, if a proposer does claim a Preference, then the Agency will consider, investigate, and determine the validity of each such claim for a Preference.
6. Must a contractor receiving an award from the Agency take part in the Section 3 program?

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6.1. If the Contractor wishes, he/she may claim a Preference during the competitive solicitation process (please see Attachment D, most specifically Section 2.0 thereon). Pertaining to this Invitation for Bids process, the Agency will give a Preference based upon the following:

Table 2

Description	Preference = lesser of:
When the lowest responsive bid is less than \$100,000	10% of that bid or \$9,000
When the lowest responsive bid is:	
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 \$1,000,000	5% of that bid, or \$40,000
At least \$1,000,000 but less than \$2,000,000	4% of that bid, or \$60,000
At least \$2,000,000 but less than \$4,000,000	3% of that bid, or \$80,000
At least \$4,000,000 but less than \$7,000,000	2% of that bid, or \$105,000
\$7,000,000 or more	1½ % of lowest responsive bid, with no dollar limit