

**Albuquerque Housing Authority
Section 3 Policy and Compliance Plan
2021 Edition**



ALBUQUERQUE HOUSING AUTHORITY

“Empowering people in our community through affordable housing and self sufficiency opportunities.”

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Introduction

The Albuquerque Housing Authority (AHA) is committed to actively complying with Section 3 of the Housing and Urban Development (HUD) Act of 1968. AHA will ensure that economic opportunities, most importantly employment, generated by certain HUD financial assistance is directed to low and very low income persons, particularly those who are recipients of government assistance for housing or residents of the community in which the Federal assistance is spent.

On September 29, 2020, HUD issued Federal Register Notice FR-6085-F-03 *Enhancing and Streamlining the Section 3 Requirements for Creating Economic Opportunities for Low- and Very Low-Income Persons and Eligible Businesses*, or the Section 3 Final Rule, see: 24 CFR Part 75. The final rule made the following substantial changes to the Section 3 requirements:

1. Eliminated the *new hire* compliance standard in favor of an *hours worked* standard;
2. Eliminated the dollar value compliance standard for contracting with Section 3 businesses;
3. Renamed *Section 3 residents* to 1) *Section 3 workers* and 2) *Targeted Section 3 workers*, and specified certification criteria for each type of worker;
4. Redefined a *Section 3 business*;
5. Separate reporting requirements are in place for public housing assistance;
6. Increased the reporting threshold for Housing and Community Development Programs, Section 3 contracts is increased to \$200,000 on federal financial assistance funding sources;
7. Removed: *goals* and added: *benchmarks*.

On March 11, 2021, FR-7039-N-01 provided a 60-day Notice of Proposed Information Collection regarding Section 3 reporting. This notice indicates that an alternate report format is under development by HUD.

AHA procedures and contracting plan will be updated to incorporate report formats and other yet-to-be released HUD guidance as information becomes available. This Section 3 Policy and Compliance Plan version supersedes all previous versions, including the 2016 edition.

Final Rule Compliance Timeline

Compliance with the HUD Section 3 Final Rule is determined by the date that a commitment of funds is made to the project:

- Projects that received a commitment of funds before November 30, 2020 are required to follow the old rules (24 CFR Part 135).
- Projects that received or will receive a commitment of funds between November 30, 2020 and June 30, 2021 must follow the new rules and maintain records of compliance but are not required to report under the new requirements.
- Projects that receive a commitment of funds on or after July 1, 2021 must follow the new rules and adhere to new tracking and reporting requirements.

General Policy Statement

It is the policy of the AHA to require its contractors to provide equal employment opportunity to all employees and applicants for employment. All contracts covered by Section 3 are required to comply with Executive Order 11246, which provides that no person shall be discriminated against on the basis of race, color, religion, sex, sexual orientation, gender identity or national origin in all phases of employment during the performance of federally assisted construction contracts. Section 3 contains no racial, ethnic or gender preferences or goals.

The AHA implements this policy through the awarding of contracts to contractors, vendors and suppliers, to create employment and business opportunities for AHA Public Housing unit residents as well as other Section 3, qualified low-income and very low-income persons residing in the Albuquerque Metropolitan Statistical Area (MSA) within the State of New Mexico or within the applicable project area as newly defined by HUD (see definition of terms on pg. 10).

The policy shall result in a reasonable level of success in the recruitment, employment, and utilization of AHA Public Housing residents and other eligible Section 3 residents and Section 3 business concerns by contractors working on contracts partially or wholly funded with the HUD monies. The AHA shall examine and consider contractors potential and ability to provide employment and business opportunities to those covered under Section 3 prior to acting on any proposed contract award.

Section 3 Purpose

Section 3 of the Housing and Urban Development Act of 1968, as amended (12 USC 1701u) (Section 3), and its associated regulations (24 CFR Part 75), requires AHA to ensure that employment and other economic and business opportunities generated by financial assistance from HUD, to the greatest extent feasible, directed to Public Housing residents and other qualified low and very low-income persons – particularly recipients of government housing assistance (such as Section 8 Housing Choice Voucher residents) – as well as business concerns that provide economic opportunities to low-income persons.

Public Housing Financial Assistance

The Section 3 requirements 24 CFR part 75 apply to covered financial assistance project for Public and Indian Housing Operating Subsidy; Capital Fund Program (CFP), Modernization and management assistance funding that is directed to Public Housing. Reporting is required for all Public Housing Financial Assistance funded projects and activities. There is no dollar threshold and the recipient has the flexibility to determine how to achieve the “greatest extent feasible” standard most effectively.

Housing & Community Development Financial Assistance - Section 3 Project Threshold

The Section 3 requirements apply to the entirety of a housing rehabilitation, housing construction or other public construction project funded in whole or part by any program funded by housing and community development financial assistance, when the assistance exceeds a threshold of \$200,000. The project is a site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing. HUD will adjust this threshold not less than once every five (5) years based on a national construction cost inflation factor through Federal Register notice not subject to public comment. HUD may also adjust the threshold, regardless of the national construction cost factor, through Federal Register notice subject to public comment.

Provisions for Multiple Funding Sources

When a Section 3 project includes both: public housing financial assistance, and housing and community development financial assistance, and the project is a Section 3 project because the amount of housing and community development financial assistance exceeds \$200,000, then the Section 3 requirements for recipients of housing and community development financial assistance must be followed.

When a Section 3 project includes both: public housing financial assistance, and housing and community development financial assistance, and the project is a Section 3 project because the project includes public housing financial assistance and the amount of housing and community development financial assistance does **not** exceed \$200,000, the Section 3 requirements for recipients of public housing financial assistance must be followed. Both AHA and the recipient must report on the project as a whole and identify the multiple associated recipients as prescribed by the regulations.

AHA Section 3 Efforts and Requirements

Consistent with Section 3 of the HUD Act of 1968, the Albuquerque Housing Authority (AHA) shall make efforts to ensure that Section 3 Business Concerns, and Section 3 Workers and Targeted Section 3 Workers, are used when possible. Such efforts shall include, but shall not be limited to the following:

1. **Implement procedures** to comply with the requirements of Section 3 by taking an active role in ensuring compliance. The first step is designing procedures to ensure that all parties (workers, businesses, contractors and sub-contractors) comply with Section 3.
2. **Facilitate the training and employment of Section 3** residents by connection with Section 3 residents to training and employment opportunities.
3. **Facilitate the award of contracts to Section 3 businesses** by linking developers and contractors with capable Section 3 businesses. Recipients may also direct Section 3 businesses to organizations that provide training and capacity building.
4. **Ensure contractor/subcontractor awareness** of Section 3 responsibilities and benchmarks by including specific Section 3 language in all solicitations and covered contracts.

5. **Ensure compliance and meeting of benchmarks** by regularly monitoring contractor compliance and non-compliance, providing incentives for good performance, and refraining from entering into contracts with any contractor that previously failed to comply with the requirements of Section 3.
6. **Document compliance** by submitting reports that provide data on the number of labor hours worked on each Section 3 project or Section 3 contract and the number of Section 3 businesses contracted.

AHA will appoint a Section 3 Coordinator for AHA, to advise and assist key personnel and staff on Section 3 compliance and to serve as focal point for Section 3 complaints. AHA Procurement staff work with prime contractors and sub-contractors to ensure the implementation of their Section 3 compliance plan. The approval or disapproval of an AHA contractor's Section 3 compliance plan is ultimately the responsibility of the AHA. AHA will retain documentation of efforts on file for monitoring by the State Auditor and HUD.

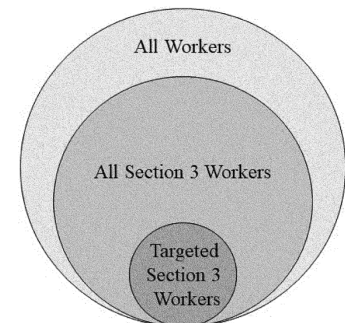
Section 3 Benchmarks

The benchmarks for Section 3 projects are based on the total labor hours worked. Total labor hours worked includes those worked performed by the AHA, prime contractor, and all subcontractors. Recipients have the option of including professional service hours in the labor hours. To meet the benchmarks, recipients, subrecipients and contractors/subcontractors will likely need to provide:

1. Hiring preferences to Section 3 residents who meet the position qualifications to be considered for employment and/or training; and
2. Contracting preferences to Section 3 businesses.

Of the total labor hours worked by all workers on the Section 3 project:

1. Not less than 25% must be by Section 3 workers; and
 2. Not less than 5% must be by Targeted Section 3 workers.
- Targeted Section 3 are a subset of Section 3 workers and are counted towards the 25% minimum.



When the Benchmarks are Not Met

When the Section 3 quantitative benchmarks are not met, the AHA must report to HUD the qualitative actions taken by the AHA, contractors and subcontractors to reach out to and hire Section 3 and Targeted Section 3 workers and contract with Section 3 businesses.

Documenting Section 3 Compliance

AHA will establish and maintain a Section 3 file that includes:

1. Total labor hours worked, labor hours worked by Section 3 workers, and labor hours worked by Targeted Section 3 workers as collected from applicable AHA employees and contractors;
2. Section 3 worker and Targeted Section 3 worker eligibility;
3. Section 3 business contracts;
4. Section 3 business eligibility; and
5. Qualitative activities to reach out to and support:
 - a. Section 3 workers to access economic opportunities or attain economic self-sufficiency; and
 - b. Section 3 businesses to access economic and contracting opportunities.

AHA may maintain lists of certified Section 3 workers, Targeted Section 3 workers, and Section 3 businesses for use in future Section 3 projects.

Contracting Policy and Procedure

The AHA will continue to incorporate Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 USC 1701u (Section 3) into its existing Procurement Policy. Section 3 will be a consideration in all procurements that are a direct result of the expenditure of Section 3 covered financial assistance from HUD. AHA will incorporate the following Section 3 Clause into its applicable procurements.

Section 3 Clause

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 the 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 in the project area.

The parties to this contract agree to comply with HUD's regulations in 24 CFR part 75, 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 75 regulations.

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; job titles subject to hire; availability of apprenticeship and training positions; the qualifications for each; the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 75 and agrees to take appropriate action, as provided in an applicable provision of the subcontract in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 75. 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 75.

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 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 75.

Noncompliance with HUD's regulations in 24 CFR part 75 may result in sanctions, termination of this contract for default and debarment or suspension from future HUD assisted contracts.

Consistency with Other Requirements

Section 3 is consistent with yet separate from and in addition to other laws governing procurement, equal employment opportunity, and Davis-Bacon. Compliance with Section 3 should not violate these or any other local, state or federal laws.

Davis-Bacon and Related Acts (DBRA) requirements apply equally to all Section 3 projects and employees. (Refer to the AHA website for guidance on Davis-Bacon and prevailing wage requirements.) Apprentices and trainees may be hired for Section 3 covered projects only to the extent permitted under United States Department of Labor regulations and HUD policies. Approved apprenticeship and trainee programs include those approved by the United States Department of Labor's Office of Apprenticeship Training, Employer and Labor Services, a State Apprenticeship Agency or HUD. Participation in an approved apprenticeship program does not waive any other requirements, in Section 3 regulations.

Section 3 Compliance and the Procurement Process

To comply with the Section 3 requirements, recipients must:

1. Include the Section 3 Clause in all Section 3 covered RFPs, RFQs, bids, and contracts.
2. Document Section 3 requirements were discussed at the pre-construction conference and, if held, at the pre-bid conference.
3. Include in all RFPs, RFQs, and bids must contain a requirement that the bidder:
4. Indicate if it wishes to receive preference as a Section 3 business, and if it does submit, a self-certification and any requested supporting documentation.
5. Certify that Section 3 information will be included in all subcontracts.
6. Agrees to utilize in its procurement and employment process the HUD Registry of Section 3 Businesses, or a list of Section 3 businesses and residents provided by the recipient.
7. Agrees to submit a labor hours report monthly, quarterly and/or yearly and/or final

report with its final draw, unless notified that reports are more frequently required.

AHA will monitor for Section 3 compliance in its desk and on-site monitoring procedures. Recipients, subrecipients, and contractors are also subject to HUD monitoring. If HUD contacts a recipient, subrecipients or contractor for a compliance review, it must notify AHA within two (2) working days.

Section 3 Procurement Preferences

Recipients, subrecipients and contractors may preferentially award Section 3 covered contracts to Section 3 businesses. A business seeking to qualify for Section 3 contracting preference may be requested to provide evidence of Section 3 qualifications and bears the responsibility of providing evidence of compliance. The business must demonstrate to the awarding party its ability to perform successfully under the terms of the proposed contract. The business' past record in complying with public policy requirements (including Section 3) may be considered as part of the award determination. If no Section 3 business meets the requirements, the contract should be awarded a responsible bidder based on the guidelines below for Small Purchases, Sealed Bids, and Requests for Proposals or Qualifications.

Small Purchases

When a Section 3 covered contract is to be awarded based upon the lowest price, the contract may be awarded to a qualified Section 3 business with the lowest quotation, if it is reasonable and no more than ten percent (10%) higher than the quotation of the lowest quotation from any other qualified source. If no quotation by a qualified Section 3 business is within ten percent (10%) of the lowest otherwise qualified bidder, then the award should be made to the lowest bidder.

Sealed Bids

An award may be made to the qualified Section 3 business with the highest priority ranking and lowest quotation if that bid:

1. Is within the maximum contract amount established by the contracting party; and
2. Is not more than “X” higher than the total bid price of a non-Section 3 business. “X” is determined in the table below. “X” is the lesser of the two (2) figures provided in the table.

When the lowest responsive bid is:	X = lesser of:
Less than \$100,000 U.S. Dollars	10% of that bid or \$9,000
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 \$1 million 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	1 1/2% of the lowest responsive bid, with no dollar limit

Requests For Proposals or Qualifications (RFP or RFQ)

The RFP/RFQ evaluation factors may include a preference by assigning a percentage of the rating points for business that are Section 3 businesses. The evaluation for preference of Section 3 businesses may establish an order of priority ranking as described for sealed bids. The contract should be awarded to the responsible firm (either Section 3 or non-Section 3 business) whose proposal is determined the most advantageous when considering price (if an RFP) and all other factors specified in the RFP/RFQ.

Prime Contractor Requirements

The prime contractor must:

1. Notify all subcontractors of their responsibilities under Section 3.
2. Refrain from contracting with subcontractors that have been found in violation of regulations in 24 CFR 75.
3. Submit with the bid/proposal to AHA for itself and any known subcontractor(s):
 - a. A permanent and project workforce breakdown that includes for each project workforce position:
 - i. Whether a position is filled or vacant;
 - ii. The name or unique employee identifier of permanent workforcemembers that will work on the project;
 - iii. Whether the worker meets the definition of a Section 3 or Targeted Section 3 worker;
 - iv. Job classification;
 - v. Estimated labor hours on the project;
 - vi. Whether the worker is paid hourly or salary; and
 - vii. For vacant project positions, the anticipated hire date.
4. Maintain records that document a good faith effort to utilize Section 3 workers and Targeted Section 3 workers as trainees and employees.
5. With each payroll (or as indicated in contract under Section 3 reporting), submit to the AHA for its self and any subcontractor(s):
 - a. Total hours worked by the contractor and by subcontractors;
 - b. Total hours worked by Section 3 workers;
 - c. Total hours worked by Targeted Section 3 workers; and
 - d. New subcontracts awarded and the required permanent and potential hires breakdowns for each, when applicable; and
 - e. Qualitative activities to reach out to Section 3 workers and Section 3 businesses, when applicable.

Section 3 Worker Eligibility and Certification

Workers must currently or at the time of hire, if hired within the past five years (effective date November 30, 2020), meet the criteria to be certified as a Section 3 worker through self-certification or employer certification using the forms provided. Section 3 worker certifications must be maintained in the project file, and may also be retained in a separate file for future projects. All income certifications are based on HUD income charts.

Acceptable forms of certification are:

1. Self-certification that the individual worker's income is below 80% Area Median Income (AMI).
2. Employer certification that the individual worker's current income is below 80% AMI based on annualization on a full-time basis of the worker's wage rate.
3. If the employee was hired within the past five years (effective date November 30, 2020), employer certification that the individual worker's income was below 80% AMI at the time of hire.

Targeted Section 3 Worker Eligibility and Certification

Workers must currently or at the time of hire, if hired within the past five years (effective November 30, 2020), meet the criteria to be certified as a **Targeted** Section 3 worker through self-certification or employer certification using the forms provided by AHA. Section 3 worker certifications must be maintained in the project file, and may also be retained in a separate file for future projects. Acceptable forms of certification are:

1. Self-certification that the worker is a YouthBuild participant; or
2. Self-certification that the worker was hired within the past five years (effective date November 30, 2020) and was a YouthBuild participant at the time of hire; or
3. Self-certification that they live in AHA public housing, other public housing or Section 8 assisted housing. For Housing and community development funding, that the individual lives with the project area. (see definitions)
4. Employer certification that the worker is employed by a Section 3 business; or
5. Employer certification that the worker's residence of public housing or Section 8 program (For Public Housing efforts) or lives within one mile of the work site or within a radius of the work site/project area/neighborhood. (For Housing and Community development financial assistance efforts).

Section 3 Businesses Eligibility and Self Certification

Section 3 businesses must self-certify that they meet the definition of a Section 3 business by completing Form. The bidder/proposer must submit this form at the time of submittal, if the bidder/proposer is claiming Section 3 Business preference. If the business is a subrecipient, the form may be submitted to the recipient within five days of notification of contract award. Section 3 business certifications must be maintained in the project file, and must also be retained in a separate file for future projects. Documentation supporting the self-certification must be requested and maintained by the recipient in the project and business files.

Qualitative Activities

In addition to labor hours reports, recipients, subrecipients, contractors and subcontractors must document activities intended to facilitate the meeting of benchmarks, including:

1. For Section 3 Workers and Targeted Section 3 Workers:
 - a. Outreach to generate job applicants.
 - b. Providing training or apprenticeship programs.
 - c. Providing or connecting Section 3 workers with:
 - i. Employment search, readiness, support and placement programs, such as resume assistance, coaching, interview preparation, how to find job opportunities, job placement services, interview clothing, test fees, transportation, childcare, financial literacy training, etc.
 - ii. Assistance applying for or attending community college, four-year educational institution, or vocational/technical training.
 - iii. Financial literacy training and/or coaching.
 - d. Holding or participating in one or more job fairs.
 - e. Other activities to reach out to and support Section 3 workers to access economic opportunities or attain economic self-sufficiency.
2. For Section 3 Businesses:
 - a. Outreach efforts to identify and secure bids from qualified Section 3 businesses.
 - b. Providing technical assistance to Section 3 business to help them understand and bid on contracts.
 - c. Dividing contracts into smaller jobs to facilitate participation by Section 3 businesses.
 - d. Providing bonding assistance, guarantees, or other efforts to support viable bids.
 - e. Promoting the use of business registries to create opportunities for disadvantaged and small businesses.
 - f. Providing outreach, engagement, or referrals with workforce investment agencies, small business development centers, etc.
 - g. Other activities to reach out to and support Section 3 businesses to access economic and contracting opportunities.

Examples of Other Section 3 Qualitative Activities

The following are examples of other qualitative activities that may be undertaken by recipients to demonstrate efforts to meet Section 3 benchmarks:

1. Establish contact with AHA as a resource for:
 - a. Notifying potentially eligible Section 3 workers and Targeted Section 3 workers of employment opportunities.
 - b. Identifying AHA resident owned businesses that may qualify as Section 3 businesses.
2. Develop “first source” hiring agreements with organizations representing Section 3 workers.
3. Establish a training program for Section 3 residents in the building trades.

4. Advertise training and employment opportunities by distributing flyers to occupied residences in the service area of the project. The flyers should indicate a central contact point where interested persons can leave resumes or other information.
5. Post flyers in public buildings and other heavy traffic areas within the service area of the project (i.e., grocery stores, laundromats, social service centers, leasing offices, etc.).
6. Contact resident councils, organizations and management corporations and HUD YouthBuild programs for their assistance in notifying residents of training and employment opportunities.
7. Sponsor a job information meeting in the service area of the project.
8. Establish a single location in the project area where job applications will be received and delivered to the contractor.
9. Conduct job interviews at a location within the project area.
10. Establish a relationship with the local Workforce Solutions, a JOBS program or any community-based organization. Organization can advertise upcoming projects that may provide jobs or contracting opportunities and publicize this information. This entity could also be a central contact point for those residents and businesses that are interested in upcoming projects.
11. Employ a job coordinator or contract with a business to assist in matching eligible and qualified Section 3 residents with available training and employment positions.
12. Maintain a file of and provide notice of employment and contracting opportunities to:
 - a. Eligible qualified Section 3 residents for possible future employment; and
 - b. Eligible Section 3 businesses.
13. Contact business assistance agencies, minority contractors' associations, and community organizations to inform them of contracting opportunities and request their assistance identifying Section 3 businesses that may be interested in submitting bids.
14. Advertise contracting opportunities by posting notices in the project area.
15. Coordinate pre-bid meetings where Section 3 businesses are informed of upcoming contracting opportunities.
16. Arrange solicitations, times for bid presentations, quantities, specifications and delivery schedules in ways to facilitate the participation of Section 3 businesses.
17. Advertise contracting opportunities through local trade associations.
18. Encourage financial institutions to provide no or low interest loans for working capital or other business needs under the Community Reinvestment Act (CRA).
19. Actively support the development and maintenance of business incubators that assist Section 3 businesses.

Internal Section 3 Complaint Procedure

In an effort to resolve complaints generated due to non-compliance with Section 3 of HUD Act through an internal process, the Albuquerque Housing Authority encourages submittal of such complaints to its Section 3 Coordinator as follows:

1. Complaints of non-compliance should be filed in writing and must contain the first and last name of the complainant, current contact information for the complainant, and a brief description of the alleged violation of 24 CFR 75.
2. Complaints must be filed within thirty (30) calendar days after the complainant becomes aware of the alleged violation.
3. An investigation will be conducted if the complaint is found to be valid. The Section 3 Coordinator will conduct an informal but thorough investigation affording all interested parties an opportunity to submit testimony and/or evidence pertinent to the complaint.
4. The Section 3 Coordinator will provide written documentation detailing the findings of the investigation and will review the findings for accuracy and completeness before they are released to the complainant. The findings will be made available no later than thirty (30) days after the filing of the complaint.

A complainant who wishes to have his or her concerns considered outside of the Albuquerque Housing Authority may file a written complaint to the following:

Assistant Secretary for Fair Housing and Equal Opportunity (FHEO)
United States Department of Housing and Urban Development (HUD)
451 Seventh Street SW
Washington, DC 20410

The complaint must be received not later than 180 days from the date of the action or omission upon which the complaint is based, unless the time for filing is extended by the Assistant Secretary for FHEO.

Definition of Terms

Contractor: Any entity entering into a contract with a recipient or subrecipient to perform work in connection with the expenditure of public housing financial assistance or for work in connection with a Section 3 project.

Housing Authority (HA): Public Housing Agency (PHA), the Albuquerque Housing Authority (AHA).

Housing Development: Low-income housing owned, developed, or operated by public housing agencies in accordance with HUD's public housing program regulations codified in 24 CFR Chapter IX.

Individual Annual Income: Total Income from all sources for the individual in the past year = Individual Annual Income. Gross Earned and Unearned Income plus Net Income from Assets in the past year = Annual Income.

Labor hours: The number of paid hours worked by persons on a Section 3 project or contract.

Labor hours reports: include total labor hours, Section 3 worker labor hours, and Targeted Section 3 labor hours for the project, and be based on:

1. Actual hours as recorded in a time and attendance tracking system; or
2. A “good faith estimate” of labor hours of an employee informed by an existing salary or time and attendance-based payroll system when no system is in place to track actual labor hours.

Low Income: A person whose income does not exceed 80% of median income for the area.

Material supply / material only contract: Contract for the purchase of products and materials only (no labor), including, but not limited to; lumber, drywall, wiring, concrete, pipes, toilets, sinks, carpets, and office supplies.

Metropolitan Area: the Albuquerque, New Mexico, Metropolitan Statistical Area (MSA), as established by the U.S. Office of Management and Budget (OMB) and/or the U.S. Census Bureau.

Professional Services Labor Hours: A contractor *may* count Section 3 labor hours and Targeted Section 3 labor hours on any work performed by Section 3 workers and Targeted Section 3 workers in the *professional* services context while not counting total labor hours performed. This in effect provides a bonus for AHA.

Professional services: Non-construction services that require an advanced degree or professional licensing, such as accounting or legal services and civil engineering.

Project Site: or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.

Recipient: Any entity that receives directly from HUD housing and community development assistance that fund Section 3 projects. This includes but is not limited to any local government, instrumentality, PHA, other public agency, or public or private nonprofit organization.

Section 3 Business Concern: A private or nonprofit business that, regardless of prior arrest or conviction of its owner(s) or employees:

1. Meets all legal and technical requirements to perform the contract under consideration; and
2. Meets at least one of the following criteria:
 - a. Is 51% or more owned and controlled by:
 - i. Very-low or low-income persons; or
 - ii. Current public housing residents or residents currently residing in Section-8 assisted housing.
 - b. Over 75% of the labor hours performed over the prior three-month period were performed by Section 3 workers.

Section 3 Covered Contract: Any contract/subcontract awarded by a recipient (AHA) to perform services funded by public housing financial assistance and housing and community development where the Section 3 regulations apply. Section 3 covered contracts do not include: contracts for purchases of supplies and materials or professional services.

However, when a contract for materials includes the installation of the materials, the contract constitutes a Section 3 covered contract. Professional Service contracts can also require voluntary Section 3 reporting (on professional service labor hours) made by the contractor or it can be requested by the housing authority.

Section 3 Project: A housing rehabilitation, housing construction, and other public construction project, including demolition, that is funded in whole or part with HUD funding and the total amount of assistance to the project exceeds \$200,000 (Lead Hazard Control and Healthy Homes (LHCHH) assistance is not included in calculating whether the assistance exceeds the \$200,000 threshold). Material only contracts are not included.

Section 3 Worker: Any worker, regardless of prior arrest or conviction, who:

1. Meets the qualifications of the position being filled; and
2. Currently, or at the time of hire within the past five (5) years (effective as November 30, 2020), has or had an income for the previous or annualized calendar year that is below the HUD very- low or low-income limit.

Project (Service) area or Neighborhood: An area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census. Only applicable to “housing and community development financial assistance”.

Subcontractor: Any entity that has a contract with a contractor to undertake a portion of the contractor's obligation to perform work in connection with a Section 3 project.

Subrecipient: An entity that receives a subaward from a recipient to carry out a Section 3 project.

Targeted Section 3 Worker: Any worker, regardless of prior arrest or conviction, who:

1. Meets the qualifications of the position being filled; and
2. Currently, or at the time of hire within the past five (5) years (effective November 30, 2020), meets one of the following requirements:
 - a. Resides within one mile of the work site or the radius of the work site that encompasses not less than 5,000 people according to the most recent U.S. Census; or
 - b. Or is resident of AHA public housing, other public housing or Section 8 assisted housing;
 - c. Is employed by a Section 3 business; or
 - d. Is a YouthBuild participant.

Very low-income person: A person whose income do not exceed 50 per centum of the median family income for the area, as determined by the Secretary of HUD.

YouthBuild Programs: Programs that receive federal financial assistance under United States Code (USC) Title 29. Labor, Chapter 32. Workforce Innovation and Opportunity, Subchapter I. Workforce Development Activities, Part D. National Programs, 29 U.S.C.A. § 3226. Provides disadvantaged youth with opportunities for employment, education, leadership development, and training in the construction or rehabilitation of housing for homeless individuals.