

2021 Section 3 Final Rule Training Series

Session 1 Office Hours

John Panetti: Hello everyone and welcome to the first of the Section 3 Final Rule Training Office Hours sessions. My name is John Panetti from ICF and I will be your host today. Just want to go over a few logistics. All participants have been muted on entry. To ask your questions, please submit any technical issues you may have in the chat box and send your message directly to the host. I'll work directly with you to resolve any technical issues you may have.

And if you want to ask a content question verbally, go ahead and say you want to unmute in the chat. If you send that to me, I will let you know you can be put in the queue and I'll kind of unmute people on a first-come, first-serve basis. And, so, once I unmute go ahead and ask your question and then if there's any follow-up or anything, you'll stay unmuted. And then after you're done, I will mute you and then unmute the next person.

You also are able to ask questions the good old fashion way in the Q&A box like we've been doing for these sessions. So again, any content related questions you can ask those in the Q&A box and send that to all panelists. And just a reminder that if you don't see the Q&A box, in the bottom right-hand corner of your screen you should see a box with a question mark on it. If you click on that icon, it will open up the Q&A box and you can ask your content related questions there.

And then finally, I'd like to let you know, the session is being record. So with that, I'll go ahead and turn things over to Kris.

Kris Richmond: Great. Thanks, John. Welcome everybody. Glad that you are here with us today. My name is Kris Richmond. I work for ICF. We are a technical assistance provider for HUD. I am accompanied today by my colleagues Andelyn Nesbitt Rodriguez and Janine Cuneo. And, so, they will be helping to answer questions today as well.

We are super excited about this format. Usually we don't open up the microphone, so we're really excited about you being able to talk to us and chat with us about any issues or questions you might be having and we will do our best to try to answer those for you.

So as John mentioned, go into the chat box and type in, I'd like to ask a question verbally and he will unmute you and you'll be able to do that. You can also still go ahead and put questions in the Q&A box. If we don't have any verbal ones, Janine's going to start talking about the Q&A's coming into the actual Q&A box as well.

We did put up here on the screen for you an opportunity to see the resources slide again. If you went to one of our earlier sessions, this looks a little different because there's been a lot more resources that have come out sense the training has started this summer.

So we wanted to be able to share that with you and highlight a couple things, as we have the notices down there at the bottom. If you missed the notices coming out, we have the CPD notice for HOME and Housing Trust Fund and then the one for the Office of Block Grant Assistance programs as well. Those are listed up there.

And then a bunch of the other trainings and tools. We have our searchable frequently asked questions, that's what the FAQs are. Those are up on the HUD Exchange. Those have been added to so if you looked at them this summer, they've been added to a number of times, as well as being updated. So we really recommended that you go there quiet frequently and check that out, see what some of the new FAQs are on there.

You know we also have some demos that have come out recently that are on the HUD Exchange and the HUD YouTube Channel, the IDIS, how to use IDIS in Section 3, as well as one for HOME and Housing Trust Fund videos. So lots of really neat tools that are coming out. We're still waiting on the eGuidebook, we think that's going to be coming soon but wanted to have that up there for you to see as well.

So I don't see anybody raising their hand yet, wanting to talk to us verbally, but it looks like a couple have come in the Q&A box. So Janine, you want to start with the first one there?

Janine Cuneo: Actually, I think we did get something in the chat box.

Kris Richmond: Oh, did we? Okay.

Janine Cuneo: Yeah.

Kris Richmond: All right.

Janine Cuneo: Maybe unmute Suzette Lapayne [ph] and I apologize Suzette if I've said your name incorrectly.

Suzette Lapayne: No, that's good. That's okay, yeah.

Kris Richmond: Hi.

Suzette Lapayne: Hi, how are you?

Kris Richmond: Good. Thanks for joining us today.

Suzette Lapayne: Great. Thank you for doing this.

Kris Richmond: What's your --

Suzette Lapayne: So I just had a question about, actually I'll just refer to the slides.

Kris Richmond: Okay. Which day, do you remember?

Suzette Lapayne: Day one, slide number 30, defining a Section 3 project.

Kris Richmond: This one?

Suzette Lapayne: Yeah.

Kris Richmond: Okay.

Suzette Lapayne: Yeah. I'm just having a little bit of trouble. The definition is very -- it's a little open-ended to me because it doesn't really reflect anything about timing. And some of the projects that I work on or are in the right of way, and so, I just I'm not sure how -- I mean the right of way is the common ownership of the local municipality, so I just --

Kris Richmond: So Suzette, let me ask a couple probing questions. Let's see if this applies, okay. So Section 3 applies for public housing for a whole bunch of different things. But for housing community development assistance funding, it would apply if you're doing rehabilitation, new construction or other public construction.

So the projects that you're doing for right of way, is that falling under other public construction?

Suzette Lapayne: You know it's a sidewalk.

Kris Richmond: Okay.

Suzette Lapayne: Maybe the sidewalk is new, maybe the sidewalk needs to be replaced but I mean, yeah.

Kris Richmond: Okay. So we're looking at sidewalks. And is your project that you're funding, is it exceeding the threshold? I'm assuming, is it CBDG funding that you're using?

Suzette Lapayne: Right. So that's the question. So for example --

Kris Richmond: Okay.

Suzette Lapayne: -- if I were to fund New Street for \$100,000 in one year and then three years later fund an adjacent Elizabeth Street for \$100,000, I'm not sure if that meets the \$200,000 threshold, if that falls under this definition.

Kris Richmond: So I would say it does not fall under this definition because the project that you originally set up is New Street and that's \$100,000, you're not exceeding the \$200,000 threshold. And then a couple years later you have another project where you're going to do another street, and that's also under the threshold. So I'm saying it would not apply but I'm just going to look for quick confirmation from either of my colleagues here if they want to pipe in or add anything else to that.

Andelyn Nesbitt Rodriguez: Yeah, I agree. I think that it would not apply, particularly because you said a couple of years later. If this was a phased project, then it would apply if you had planned on doing street number two the following year, then that would apply. But if it's two totally separate projects and the intent, you were following the purpose of Section 3 and the

intent was to do these as two separate projects, then it would not apply because it would be below the \$200,000 threshold.

Suzette Lapayne: Okay, that's great because I just was really confused about the timing issue, so --

Kris Richmond: Sure. Yeah, it's understandable.

Suzette Lapayne: -- and that makes a lot of sense. Yeah, that makes a lot more sense to me. Thank you.

Kris Richmond: Sure. Any other questions about that or?

Suzette Lapayne: No, that was really what I was struggling with trying to figure out that type of --

Kris Richmond: Okay.

Suzette Lapayne: -- scenario. Thank you.

Kris Richmond: Great. Yeah, you're welcome. And then just a best practice, because I'm always all about paperwork, I would add something to your file that said, we reviewed this, it's below the Section 3 threshold, therefore Section 3 does not apply, boom, in your file.

Suzette Lapayne: Okay. Thank you.

Kris Richmond: Yeah, you're welcome.

Andelyn Nesbitt Rodriguez: Thank you.

Kris Richmond: All right, anyone else next? It looks like Makayla Harris. John, I don't -- are you able to unmute Makayla?

John Panetti: Yes, Makayla, you are unmuted.

Makayla Harris: Thank you. Can you hear me?

Kris Richmond: We can. Go ahead.

Makayla Harris: Great. Thank you guys for doing this. I attended one of the CDBG one of the first trainings that you guys had for this. One of the things that I've been running into as a Section 3 manager is that preparing people for the workforce, for our contractors, making sure that we have people ready to go to work. A lot of our residents, there's some [inaudible] gaps there. So I've been trying to get an answer from HUD on this and really haven't gotten anything clearly defined yet.

But the use or development of some sort of a training fund or sponsorship from our contractors. Because I've gotten all my forms back, I've gotten all the self-certifications, [inaudible] where we're going to be at for our benchmarks with the staff, not only as a PHA but with all of our contractors. So qualitative efforts are going to come in play for us which is [inaudible], those training and education type of things.

So under the new regulation would you say it's permissible to have some sort of a training fund or something like that or a sponsorship where contractors can either sponsor a Section 3 individual for a training opportunity through the Housing Authority or contribute to a fund and those funds are used exclusively for training Section 3 individuals?

Kris Richmond: Oh, let's see. I've heard the question asked, is it required. The answer to that, it's not required. I haven't seen anything about whether it's permissible. Are you going to charge everybody this --

Makayla Harris: No.

Kris Richmond: -- are they required or are they just are encouraged or?

Makayla Harris: Not required. It could be a qualitative effort for contractors. They're encouraged as qualitative efforts to come to job fairs that we host --

Kris Richmond: Mm-hmm. Yep.

Makayla Harris: -- and different things like that in [inaudible] town. So the majority of our contractors are union contractors. The type of work is they're journeymen, they're making significant amounts of money, which is fantastic but on the flip side of that as a PHA, we're not going to meet those benchmarks because of the type of contracts that we have.

Kris Richmond: Sure. Yeah.

Makayla Harris: And a lot of our contractors really do want to sponsor people for training. We have a classroom style training that focuses on all the soft skills and then we do an on-the-job training here at the Housing Authority.

And what we wanted to do is create some sort of a way for contractors to sponsor Section 3 people for these training programs, essentially cover the training costs for people to be able to get trained and go into the workforce. And we were wondering if that would be permissible under the --

Kris Richmond: Yeah, I don't see anything in the rule that prohibits it. I would just be careful to make sure there's no favoritism shown to awards, you know based upon organizations that might have provided sponsorship. We just want to make sure that there's some separation there.

Andelyn, have you encountered this at all when you worked these before?

Andelyn Nesbitt Rodriguez: I haven't and I think it's a really interesting idea but I want to second what Kris just said. I think that it could get very sticky with money being exchanged and the idea of the look of favoritism, perhaps. I think you have to be very careful there.

Kris Richmond: Yeah. And as always, I know you haven't gotten an answer yet from HUD but I would press again to see if they'll give you a definitive answer on that.

Makayla Harris: Okay. That makes sense. Thank you.

Andelyn Nesbitt Rodriguez: Thank you.

Kris Richmond: Sure. Okay. John, who do we have next?

John Panetti: We have Lynette. You are unmuted.

Nathan Roush: John, just before she hops on, I apologize, this is Nathan Roush. I'm here --

Kris Richmond: Oh, hey, Nathan.

Nathan Roush: Hi, Kris. Janine just pulled me up. I just wanted to speak on that, on the Section 3 funds thing. The Section 3, contractors are allowed to contribute to things like that as long as it is not required. And they can't be accepted as a form of Section 3 compliance. Or for like the Section 3 training implementation purposes. So you're right that that gets very sticky very quickly when you're kind of soliciting funds from a contractor for training purposes, kind of putting them in a big pot, to comply with the Section 3, like the qualitative efforts.

The point of those qualitative efforts is to have contractors actually doing the training and not just kind of -- you can see where the line is very thin between contributing money toward a general training program and then paying not to have to do any Section 3 compliance. And, so, that's where the line is very thin. So it would really in every case depend on exactly what the situation is, so there's not really a general answer.

So it can't replace labor hours worked under the final rule. And training hours don't replace labor hours either, so it opens the door to kind of an unregulated exchange of funds between contractors and funding recipients, which is of course potentially problematic. So I would have to know really exactly what the situation is, but I would caution against such a practice that has a potential of evolving into something where somebody's paying into a pot of money and that is their qualitative efforts.

If that were to be the case, there would also need to be other qualitative effort. That can't be what they're doing to show compliance under Section 3. That's not really within the policy or purpose of the statute and the regulation itself.

Kris Richmond: Great. Thank you, Nathan. That was really helpful and very clear.

Nathan Roush: Sorry, I don't remember who it was that asked the question, if you want to email the section3@hud.gov mailbox, there was a period of time where I answered these questions and I was out in jury duty for almost three weeks, so things piled up and I have been trying to go back through and answer all of them but it's sometimes because it's a shared mailbox, it's very difficult to tell if the question's been answered. So if you want to ask it again with specificity in your particular situation, I'll be happy to respond.

Kris Richmond: Thank you. I think it was Makayla Harris that had asked the question. Great. Okay. I think we have Lynette next.

Lynette: Hi, yeah. Hi you guys.

Kris Richmond: Hi.

Lynette: And --

Kris Richmond: Go ahead.

Lynette: -- thanks very much for having this. And --

Kris Richmond: Sure.

Lynette: -- for the training. I attended training, I think Janine was our trainer back in mid-September --

Kris Richmond: Great.

Lynette: -- a lot of work and you guys did an excellent job. I felt like I really learned a lot. I've been involved in this work for 30 years.

My question is, I just want to make sure I understand on the targeted Section 3 worker, I know I said volunteers but after I sent it I realized, well, you know -- I'm with Habitat and Janine will remember I had a lot of questions around Habitat.

So I think I answered my own question while I was sitting here listening, but I do have a question as far as college students that come and work with us in the summers. Because they would be at low income, below the 39,400 as far as annual income. So I would think that that means that they would be a Section 3 worker and if they lived within a mile of the project, then they could be a targeted Section 3 worker.

Am I following that correctly? And I have -- this is kind of a -- I got a reason for asking.

Kris Richmond: And are they working specifically on the project that's being --

Lynette: Yep. Oh --

Kris Richmond: -- funded --

Lynette: -- yeah, they're a volunteer --

Kris Richmond: -- with the HCD assistance?

Lynette: -- they're working with Habitat for the summer. They're summer home from college and they're working with Habitat and they're working on our HOME project, which has more than the 200,000 in it so it does require Section 3 compliance.

So my question is, what if that college student comes from a high income household? Because I understand that we just take their income, the worker's income not their household income.

Kris Richmond: Is the college student getting paid?

Lynette: Yeah. Yeah, they've come to work with us for the summer. Yep.

Kris Richmond: Yeah. Well, I mean the way this definition fits, we are only looking at one person household. We're not looking at the whole household. If this was a HOME program, I would say you'd have to look at the whole household income but we are only looking at the --

Lynette: Right.

Kris Richmond: -- one person household. So I mean, I think if you can document that that one person meets within the low-income definition then you can count their hours. We do want to make sure that we're still trying to follow the intent of Section 3 where we're trying to focus on the neighborhood area or people --

Lynette: I understand --

Kris Richmond: -- who are truly below income but I mean if there's --

Lynette: Right.

Kris Richmond: -- no one that says you can't --

Lynette: No, I --

Kris Richmond: -- that I'm aware of.

Lynette: -- I totally understand. Yeah, it's just an odd feeling because --

Kris Richmond: I agree. Yeah, because all the other programs, right, we always think of students, they got to be part of the household, so this is a little --

Lynette: Well, it's just --

Kris Richmond: -- a little different. Yeah.

Lynette: -- mom's a doctor down at the hospital and dad's a CFO. And their household income is probably a half a million dollars. So it's like I feel weird. I just feel weird about it. But anyway, there was that question and then the other question I had it involves our homeowners who are obviously low income.

Our Habitat only works with households below 80 percent of AMI. Again, it's a HOME project anyway. And I did reach out to the Section 3 office, the HUD office and they told us that, yes, we could count the hours that the homeowners are providing to the project because with Habitat, you know they have to put in at least 300 hours of sweat equity to the project. And that is included on their closing statement. So you don't really get a check from Habitat, it is money that is accrued and put onto the settlement statement. And HUD did tell us that we can count that.

My question is, would we be able to count other low-income homeowners, not just the ones that are on the houses that we're working on but it's on that project? So for instance, let's say I had a project on Robertson Street, it's the Robertson Street townhomes, and we have eight townhomes and those homeowners of those townhomes are providing sweat equity of 300 hours and we can count any hours on that project for a Section 3 worker. If they live in the area great, but none of them do.

If we had another project on the other side of town and we have homeowners that are going to come over from the east side of town to the Robertson Street townhome project, then would we be able to count their hours too? Do we know that? I'm sorry, long question.

Kris Richmond: It's okay. And are they working on the Robertson --

Lynette: They're just working --

Kris Richmond: -- Street --

Lynette: -- Robertson -- yeah, the HOME project. Anybody on the HOME --

Kris Richmond: Yeah, So remember for Section 3 we're reporting project by project. So hours that are worked on the Robertson Street project, from my understanding, could be counted.

Lynette: Okay.

Kris Richmond: Towards Section 3. Now, this might be different apart of how you're accounting for your hours.

Lynette: Right. Yeah, no, we've had shop hours and we've got -- yeah --

Kris Richmond: Okay --

Lynette: -- accounting --

Kris Richmond: -- but what we're seeing here from our HUD person, that to be counted as a Section 3 worker, they have to be getting compensation.

Lynette: Right. And they do, they get that on their closing statement. They do get compensation. If you look at their closing statement, the hours will be listed there.

Kris Richmond: Okay. So as long as that can be documented, that there was some type of compensation provided, yeah.

Lynette: Okay. All righty.

Kris Richmond: Does that help?

Lynette: Yes, thank you. I'm very sorry it took long.

Kris Richmond: No, no, don't apologize. These are great. These are amazing questions. We're really excited about today. Today is the first day too, so we had no idea what questions were coming in.

Janine Cuneo: Hey, Kris, I just want to let everyone know I am answering questions in the Q&A box. There's some great ones coming in so I'm doing my best to keep up. So people can be patient. There is a question that came in that I think is best served thought verbally if you don't mind me asking.

Kris Richmond: Go ahead.

Janine Cuneo: Someone is asking if we can speak about the prioritization of effort again. So maybe we can pull up those slides and you can explain that one more time. I think that would be best verbally for it's, I think it's Rina, or Rena, I apologize if I'm saying your name incorrectly. Thanks so much, Kris and Andelyn.

Kris Richmond: Sure. I'm trying to look at the cheat sheet and remember where we did prioritization.

Janine Cuneo: That's --

Kris Richmond: I think it's day --

Janine Cuneo: -- second day --

Kris Richmond: -- two.

Janine Cuneo: -- at the beginning. I think it's about slide --

Kris Richmond: There we go.

Janine Cuneo: -- number 12.

Kris Richmond: Yep. 14, I found it. Here we go. All right. So remember we have prioritization of efforts for employment and training and contracting. Okay. And the prioritization of efforts is, like there's a two-part test. The first part of the test is, did you make your benchmarks. And your benchmarks are that 25/5.

The other part is, are you able to certify your prioritization of efforts. Did you make best efforts or did you make for HCD to the greatest extent feasible these efforts for employment and training as well as contracting? And then they're split, they're a little bit different depending on whether you're being funded with public housing financial assistance or with housing community development assistance.

So this slide here is Slide 15 on day two. See if I can get my little pen to work because I'm a pen person. There we go. Okay. So we're looking at PHAs and we are doing employment and training and it's in the level of effort going from top to bottom. So number one, did you try to provide employment and training opportunities to residents of your public housing projects where that funding is being provided?

Was there outreach to residents of other public housing projects within that area that are managed by that specific PHA? Was there outreach efforts to participants in YouthBuild programs? And then lastly, did you try to do outreach to low and very limited persons who are living within that metropolitan area?

All again, within federal, state and local laws. So we always need to be following our federal, state and local laws but within those laws have you been able to certify that you made best efforts if you are a PHA for employment and training?

And then we also have for contracting, again we're looking at our PHA. Did you try to have contracting best efforts with Section 3 business concerns? And remember we talked about with the Section 3 business concerns we can go back and look at the slide in a couple minutes, business concerns that are providing opportunities for people who are living in public housing or Section 8 assisted housing, as well as YouthBuild programs or Section 3 business concerns that are providing opportunities for people who live within the area where it's being provided.

And then we have our housing community development assistance. Again, it's also broken into employment and training and contracting. And, so, for HCD assistance, were you able to provide to the greatest extent feasible employment and training opportunities to Section 3 workers who live within that service area of the neighborhood? Remember the service area was within a one-mile radius of where the project is located if you have 5,000 residents that live within one mile.

If you live in a really remote area, you can put that circle further and further out. Extending out it could maybe 10 miles, might be 25 miles until you get 5,000 residents within that circle area. So employment and training to Section 3 workers residing within that service area of the

neighborhood project or participants in YouthBuild. And then for our contracting, we have for HCD assistance, greatest extent feasible, again, to Section 3 business concerns that are working within that service area or participants in YouthBuild.

So these are some of these efforts that HUD wants to see that you've been trying to do and when you go into your reporting, you are certifying that you tried, to the greatest extent feasible, or for your best efforts, that you were certifying this prioritization of effort. So that's kind of the two parts. The one part is being that 25/5, those hours of benchmarks. The second part is the prioritization of effort.

Janine, is there other things from that question that we need to expand upon for this explanation or?

Janine Cuneo: And I apologize, Kris. I had one hear to that in answering the question. Did we also talk about it from an HCD standpoint?

Kris Richmond: Yep. Yes, we did.

Janine Cuneo: Great. I don't think there's anything else then, thank you.

Kris Richmond: Okay. Sure. Is there any other questions in the Q&A that we should address verbally or keep going down our list?

Janine Cuneo: There actually is one that may be better answered verbally. It's from Steven Tucker. Thank you, Steven. He's asking for purchase orders in Section 3, does our procurement department need to fill out a Section 3 plan for each vendor? For example, office supplies, supplies for maintenance, staff, etcetera, that they're purchased from. And so, I think the really idea here is, I want to make sure we're utilizing language accurately because I think we got a couple of language items in here.

So just to make sure we're all understanding, Section 3 plan is not a requirement. It is a best practice that we've talked about in some of the previous trainings. And it's a plan that is done perhaps for your entire entity. So if you're a PHA, for example, you may chose it too for your entire entity that makes you consider and make sure it's clear to the public how are you going to collect your certifications, for example. Making sure everyone understands what those benchmarks is, that 25/5 rule.

So it's an overall plan. So it's not a plan per project or per vendor. So just want to make sure people know that. It is something, again, it's a best practice, not a requirement, but it is something that if you guys do have that you may choose to ensure that vendor, that contractor, that sub-recipients, etcetera know about and it may be something you pass out so people are aware of that or are constantly understanding that.

So just want to make sure we understand what that Section 3 plan is for those that choose to engage in one. As it relates to how you work with vendors, again, it's going to be dependent on if you are a PHA or an entity is using housing community development financial assistance.

So let's start with the public housing financial assistance recipients. So \$1 in means it is a Section 3 project trigger, except if there's an exemption. And if we can go to the exemption page on materials and supplies only. And I want to make sure people are aware that there is a materials and supplies only exemption to the projects. And, so, that if you were having materials and supplies only, a vendor, meaning they are literally doing office supplies for you, for example, I think that was the example you provided to us, Steven, then that is an exemption.

And, so, if it's materials and labor that you are having this vendor do for your project, again, on PHA, meaning zero threshold, it's a project, so you're not just paying for the windows, but they're doing the windows and installation, that does not mean it's a materials supplies only contract. It's now a materials and labor. But if you're just doing the materials, then the Section 3 does not apply to it.

So if your project has nothing in it except for materials project, then that Section 3 would not be triggered for a public housing financial assistance as an example. So just want to make sure you're thinking about it from whom your housing community development, the same thing, that the Section 3 does not apply if it's a materials supplies only contract. So also there but just to remember if you're doing materials and labor, then that type of contract would have to apply to it if you met your threshold.

Kris or Andelyn, anything you want to add there?

Kris Richmond: No, I think that's good.

Janine Cuneo: I'm going to go back on mute and keep answering questions in the queue.

Kris Richmond: Okay.

Janine Cuneo: Thanks for --

Kris Richmond: Sure.

Janine Cuneo: -- having me on.

Kris Richmond: It looks like Kathy. Kathy Fuentes, I know it looks like you typed in your question, but do you want to speak verbally about it or?

John Panetti: Kris, I actually had someone before Kathy.

Kris Richmond: Oh, okay.

John Panetti: Suzanna, did you want to ask a question verbally? Suzanna, you're off mute.

Suzanna: Oh, hello. Yeah, so I think our only concern was that some of the pushback we're getting when we're doing the efforts to reach out to Section 8 housing recipients is that they are

afraid to participate because of possibly losing their housing because their income may increase if they do some of these construction projects. So I don't know of anything, I think that's our issue that people -- that we're having with anybody trying to participate as a Section 3 worker that lives in public housing.

Andelyn Nesbitt Rodriguez: Oh, interesting. Interesting feedback.

Suzanna: Yeah, so we're doing outreach in public housing apartments that the county owns but a lot of them are hesitant too. So I don't know if that really would affect. I don't know if it's a question for HUD too because it's a double edge sword kind of.

Kris Richmond: Yeah.

Andelyn Nesbitt Rodriguez: I think that when you're making all of your efforts, one thing to keep in mind is that your files should always read like a book. This is a little bit of a tangent but make sure you document everything that you're going through. And I think it's really good feedback for HUD, that's the only thing that I can say on that.

Suzanna: Yeah, what we did is we kind of went through the list of those efforts because it's -- I mean the county's never even met the Section 3 threshold, to be honest. But so I think what we're doing is we're looking at the other efforts and we're creating folders for each one to see if we can document all of our efforts that we're doing and any responses or anything, also whether or not anyone's participating or not.

And then the other factor we're dealing with too is some of the contractors, they're not very accepting of our additional work that they have to do. So sometimes we lose some of those lower construction companies that do any of our projects because of they're saying that it's just extra work that they're having to do with these federal funds. So some of them are hesitant but --

Kris Richmond: Is that on the reporting, is that what they're --

Suzanna: Yes.

Kris Richmond: Yeah, so perhaps, I mean I've seen other jurisdictions where they've had trainings or they've tried to streamline a little bit to make it as simple as possible for contractors to report to be able to try to be in compliance.

Suzanna: Because we normally use that WH for certified payrolls and we're trying to find a way where we code that that employee was a Section 3 worker to make it easy. I know we can't really modify that, the certified payroll standard form that we use.

Kris Richmond: Well, I mean is there -- are you following -- are these applying -- sorry. Is Davis-Bacon being triggered? Because you can use --

Andelyn Nesbitt Rodriguez: A certified payroll.

Kris Richmond: Yeah, you can use a certified payroll if you're following Davis-Bacon at the same time.

Suzanna: Oh, no. Yeah, we are but we're trying to figure out. You know they'll list the employees in there but we would want to identify which ones were Section 3 workers also. But I mean it's some legwork on the contractor to do that. But right now at this point, our biggest focus is just the additional effort.

Kris Richmond: Okay. Well, it sounds like you've got a plan in place that you're trying to do your efforts and document and reaching out as best as you can.

Suzanna: Yes. Thank you.

Kris Richmond: Sure. And others that, I know we have bunch of follow-up questions, but if you have something that's working well in your area and you'd love to get on and share, I'm sure we'd all love to hear about that as well.

So John, who do we have next?

John Panetti: Kathy is next.

Kris Richmond: Okay, Kathy, what's your question?

Kathy: Hi.

Kris Richmond: Hello.

Kathy: Hi. I just wondered if these slides are available somewhere that I could print them off for future reference?

Kris Richmond: Yeah, so they --

Kathy: Is that -- I --

Kris Richmond: -- did you go to the training? Because they were made available to you if you attended the training.

Kathy: No. So this is my first time --

Kris Richmond: Okay.

Kathy: -- with the training.

Kris Richmond: All right. Well, you're welcome to be here but we originally set these --

Kathy: [inaudible] --

Kris Richmond: -- up for folks who had attended one of the trainings. There are still trainings --

Kathy: I see.

Kris Richmond: -- left. I know I'm training the week of the 14th and my colleagues are training next week. So there's probably still space available. They will be posted along with a recording in January on the HUD Exchange. So not available right this minute, but they will be, I don't want to say next month, but it's still November today so very soon after the holidays they'll be posted on the HUD Exchange. So you'll be able to access there but there are still sessions available in the next couple of weeks and hopefully you can attend --

Kathy: Are those in --

Kris Richmond: -- those.

Kathy: -- person or was that --

Kris Richmond: No. We can't --

Kathy: -- [inaudible]?

Kris Richmond: With COVID we can't do anything in person.

Kathy: Okay.

Kris Richmond: Everything is online. So the way that you registered for today, go back to the HUD Exchange and you can find the trainings that are listed --

Kathy: Okay.

Kris Richmond: -- they are three days, about two hours each day and --

Kathy: Okay.

Kris Richmond: -- we do expect --

Kathy: All right, I'll do that.

Kris Richmond: -- participants to attend all three days, but, yeah, hopefully you can join us then. But if not, they will be available in January along with recordings for you to listen if you're not available --

Kathy: Okay.

Kris Richmond: -- next few weeks.

Kathy: That's great. Thank you so much.

Kris Richmond: Sure, you're welcome. John, who do we have next?

John Panetti: I'm not sure if I'm saying this right. But I think it's Ozoro [ph]. You're currently unmuted.

Ozoro: Hello. My question was actually going to be, when talking about thresholds for targeted Section 3 workers, and the qualifiers for that, if you are dealing with workers that are there 50 percent of the time but however live within that area 50 percent of the time, would they still qualify as a targeted Section 3 worker within YouthBuild and for those numbers or how would they be billed?

Kris Richmond: Okay, so --

Ozoro: I mean, how would they --

Kris Richmond: -- how are you defining them as a Section worker? Which cat- -- can you see the slide?

Ozoro: YouthBuild.

Kris Richmond: Okay. So they're YouthBuild. And then --

Ozoro: However, they --

Kris Richmond: -- for --

Ozoro: -- and this is just like in scenarios where like maybe --

Kris Richmond: Yeah.

Ozoro: -- maybe there's a separation between the households. So that person's with family half of the time --

Kris Richmond: Okay, so you're --

Ozoro: -- and then also --

Kris Richmond: -- you're defining them as a Section 3 worker as YouthBuild and then we're trying to figure out they're a targeted Section 3 worker --

Ozoro: And --

Kris Richmond: -- and so is this being funded by public housing or HCD assistance?

Ozoro: HCD.

Kris Richmond: Okay. So let's go to the HCD slide. Here we go. And, so, you can hopefully see that if they are a YouthBuild worker they automatically would be a targeted Section 3 worker.

Ozoro: Okay, I see.

Kris Richmond: Yeah, they don't have to live within this neighborhood area.

Ozoro: Okay, thank you.

Kris Richmond: These are or's, like we're missing a or statement here.

Ozoro: Got you. That makes sense.

Kris Richmond: That help? Great.

Ozoro: That helps a lot. Thank you very much.

Kris Richmond: Oh, good. You're welcome. Any other questions since you're on?

Ozoro: No, that's it for now.

Kris Richmond: Okay, great. Thank you. John, who do we have next?

John Panetti: That is currently it. Just a reminder for folks, if you ask a question in the chat box, I can put you into a queue to ask your question verbally. Otherwise, please use the Q&A box to ask your content questions.

Janine Cuneo: Hey, Kris, we've gotten some questions in that have to do with certification. I believe that's day two slides, like 37, 38-ish. I think it'd be great if you can review certifications for Section 3 worker and then also for targeted Section 3 worker if you don't mind.

Kris Richmond: Sure. Andelyn, do you want to do this part, or you want me to do it?

Andelyn Nesbitt Rodriguez: Sure, absolutely. So for a Section 3 worker, there are a few ways that you can get those certifications and those are on the screen. So there are two ways that a worker can self-certify themselves, stating that their income is below the income limit or that they participate in a means tested program like Public 8 or Section 8 assisted housing.

Additional ways to certify a Section 3 worker includes certification from either the PHA or the property manager or owner stating that they live in project-based Section 8 housing or the administrator of tenant based Section 8 housing stating that the worker is a participant in one of those programs. You can also get, remember that they can be certified by being a YouthBuild

participant or they can be Section 3 worker by being an employee of a Section 3 business concern or a YouthBuild participant.

So those last two you can get the employer certification that their income would be below the limit if it was annualized and on a full-time basis or the employer certification that they're employed by a Section 3 business concern.

Let me move to the next one. Certification of a targeted Section 3 worker, this one is different. Depending on whether the funds are coming from public housing or from housing and community development. So the same things, the different things for a public housing project, a worker can self-certify participation in public housing, that they live in public housing or you can get a certification from the PHA, the owner or property manager of Section 8 housing or the administrator of tenant-based Section 8 assisted housing, that the worker is a participant in one of those programs.

And, again, you can get employer certification that the worker is employed by a Section 3 business concern or the worker certification that they are a YouthBuild participant. If the funds for the project come from housing and community development, then you can get the employer's confirmation that the worker resides within one mile of the service area, which is one mile of the work site or if fewer than 5,000 people live within that one-mile radius, then the radius that encompasses 5,000 people.

And then just like public housing, you can also get the employer certification that the worker is employed by a Section 3 business concern or that worker certification that they are a YouthBuild participant.

So if you recall, there were a couple of ways that you could designate someone as a targeted Section 3 worker and keep in mind numbers. The employer certification that they work for a Section 3 business concern and the worker certification that they're a YouthBuild participant. Those things across the board are able to be used as certifications, that they're a targeted Section 3 worker.

Kris Richmond: Great.

Andelyn Nesbitt Rodriguez: Were there any other specific questions about certification that maybe I didn't cover or wasn't clear?

Janine Cuneo: That helps. The other question I've been seeing a bit is about people are asking like in a bid situation for a Section 3 project, so it has been triggered, can I award a contract to a non-Section 3 bidder if they are still the best for the agency or are they required to only go with Section 3 bidders? If you guys can walk through that a little bit I think that would be great.

Kris Richmond: Sure. So there's no requirement that you award a contract to a Section 3 business. There's nothing in there that says in the regulations that you have to do that. You are required to follow your procurement requirements, so part of your procurement requirements might be that you want to have bidders come with responsible ways of meeting their Section 3

requirements or having a plan to be able to help meet the benchmarks that you need to meet. So that could be part of your procurement requirements and that you're doing for review.

We talk a lot about the responsible bidder. A lot of communities have to award to the responsible bidder and it's up to you to define what that responsible bidder is. So if you end up putting in your responsible bidder definition that a Section 3 business is a responsible bidder, then that might help elevate some of them. Otherwise, you really have to follow what your state and local procurement requirements are.

Andelyn, anything you want to add to that?

Andelyn Nesbitt Rodriguez: Yeah, absolutely. We talked a little bit about including your procurement officer in the Section 3 planning from the beginning. And that's just a really good thing to do, a really good best practice, to figure that out and how you're going to balance those things. Again, like Kris said, it's not a requirement but including Section 3 in your procurement policy upfront can really just help with everything on the back end.

Kris Richmond: Great. Janine, any other add-on questions to that?

Janine Cuneo: Yeah. Another question we're getting is that difference between program and project. So someone has a program, let's say a CDBG program of 250K for acquisition and rehab of homes but they're only putting loans in of 50K. If you guys could talk through that that'd be great.

Kris Richmond: Sure. And then I know we have a couple people waiting in the queue to ask questions too.

Janine Cuneo: Perfect.

Kris Richmond: So remember this was on day one, defining a Section 3 project. So it was site or sites within any building improvements located on the sites that are under common ownership, management and financing. Okay. So you have to figure out, is it a Section 3 project and then does it meet our threshold. So Janine's example of CDBG where maybe you have a homeowner rehab CDBG program but project by project you're only funding \$50,000.

So maybe you've allocated \$500,000 for your CDBG homeowner rehab program but for each individual project that has separate ownership, management and financing, maybe each project is anywhere from \$50- to \$60,000, that does not trigger Section 3. Okay? Because a Section 3 for CDBG or any other HCD assistance is more than \$200,000 per project.

So we need to kind of look at, what is our definition of the project and then are we doing an activity that's triggering that project, are we doing rehab, new construction, public construction and are we exceeding that threshold on a project-by-project basis.

For public housing, again it's any amount of assistance and we're looking at the fiscal year for public housing. So I hope that's helpful, Janine.

Okay. John, I know you said we have some more people in the queue.

John Panetti: Yes. So first is Michelle. Michelle, you're unmuted.

Michelle: Hi, there. Thanks so much for having this session. I wanted to follow up on one of my questions that I had in the chat. I am curious about, and I want to make sure that my understanding of meeting the benchmark for HCDs is correct.

So my understanding is that we can have the business say, like, yes, I'm a Section 3 business concern, or we can ask workers to certify that they are either a Section 3 or a targeted Section 3 worker. And that's how we would identify those workers and then count their hours. Is that right?

Kris Richmond: Okay. So first we have to identify a Section 3 worker. Okay? So a Section 3 worker is someone who's low or very low income. They're employed by a Section 3 business or they're a YouthBuild participant. So are you saying you have a Section 3 business concern and you're looking at their workers? Is that --

Michelle: No. What I'm saying --

Kris Richmond: -- [inaudible]?

Michelle: -- is like what if I'm working with a contractor that does not qualify as a Section 3 business concern --

Kris Richmond: Okay. That's off the --

Michelle: -- it then would seem --

Kris Richmond: -- table. Okay.

Michelle: -- that I would have to get the self-certification from the worker and my understanding is that that's voluntary and I'm just wanting to check that. Like, workers can choose to fill out the form or not. Is that right? It's completely voluntary?

Kris Richmond: Well, I think it depends on your state and local laws.

Michelle: Okay.

Kris Richmond: There are some states where you're not allowed to ask what their incomes are or some local areas. But there's others where that's not a problem. And, so, in order for that contract to be awarded, people need to fill out the paperwork in order to work on that.

I want to pull up the slide, and I can't remember which number it is because we keep flipping back and forth. Andelyn, for the paperwork, is that day two? Let's see, the documentation, or was it day three? Do you remember for Section 3 workers?

Andelyn Nesbitt Rodriguez: Certifying Section 3 workers?

Kris Richmond: Yeah.

Andelyn Nesbitt Rodriguez: I believe it's day two, around slide 49 or 50.

Kris Richmond: Got it.

Andelyn Nesbitt Rodriguez: Well, the sample certification is slide 52.

Kris Richmond: Okay. I'm just looking for the actual documents that we say what they need to have, like the certifications. And you just went over it and I can't remember which slide it was, I'm sorry.

Okay. So Section 3 workers, here we go. So if they're not business concerns and they can get a self-certification, that their income is below the income limit. So they can just say, I'm low income. Like you can show them a chart and they can look at the chart and they can say, yep, I need that and they can sign that.

If you're dealing with public housing -- are you HCD assistance or public housing?

Michelle: HCD.

Kris Richmond: Okay. So if they -- here we go. All right, that's target Section 3. So you could, if they live in the area, like if we end up being targeted Section 3 workers, if they live within a mile radius then the employer could sign that. It's not a self-certification, it's the employer actually confirming that they live there. Or if they're a YouthBuild participant then you can have the worker self-certify that as well.

Andelyn, anything else you'd add about the certification?

Andelyn Nesbitt Rodriguez: No. Thank you.

Kris Richmond: Okay.

Michelle: But just to --

Andelyn Nesbitt Rodriguez: [inaudible] --

Michelle: -- clarify, like that's a voluntary thing that employees could -- I mean there's no way that we can compel them to provide that information to us.

Kris Richmond: Yeah, you want the contractor to gather that from their employee.

Michelle: Well, yeah, but like if they're struggling -- I guess I'm trying to figure out like how do help support that? Because if they've contacted their employees, they've asked for the information, and no one wants to provide that information, I guess I'm just wondering like what advice should we give to the contractors?

Kris Richmond: Well, I mean, they know what they're paying their employees, right?

Michelle: Yes.

Kris Richmond: So we probably want to --

Michelle: Presumably they --

Kris Richmond: -- [inaudible] to you.

Michelle: -- don't know about all sources of income. I mean it is potentially possible that the worker has more than one job. And, so, I don't know that the employer -- I mean, they can speak to what they paid the employee but they can't speak to the entire worker income.

Kris Richmond: So I mean, if they want to look -- if we're trying to limit how much extra they have to do, we don't have to do this with every employee, right? We want to look at which ones are doing jobs that fall within what we would consider a low-income limit.

Michelle: Okay.

Kris Richmond: And then follow up with those employees. Instead of 25 employees, maybe we're only looking at four employees and so maybe that is not as labor intensive on the contractors, the prime contractors' responsibilities rather than everybody, you know kind of --

Michelle: Yeah.

Kris Richmond: -- start to narrow it down that way a little bit. But we do want to be able to -- you know in your contracts that you have, when you're signing the contracts, that's got to be part of your pre-bid conference, got to be a part of the preconstruction conference. Like we have to report on this stuff and the only way it could report is for you to provide us this documentation. And, so, this is what's going to need to be done.

And you know we're here to help you, we have sample forms, we have this, we have that, but we really need you to be part of this. And, so, that's got to be part of an award too. Like they have to be able to follow through with providing documentation to you.

Michelle: Thank you.

Kris Richmond: Andelyn, anything you want to add to that?

Andelyn Nesbitt Rodriguez: No.

Kris Richmond: Okay.

Andelyn Nesbitt Rodriguez: No. And I am with you but I'm letting you definitely take the lead on this and I'm over on --

Kris Richmond: No problem.

Andelyn Nesbitt Rodriguez: -- with Janine on the written questions right now --

Kris Richmond: Got you. Okay.

Andelyn Nesbitt Rodriguez: -- as well.

Kris Richmond: Good to know. John, who do we have next?

John Panetti: Next was Tracey but I believe Tracey asked the question in the Q&A box. Tracey -

Kris Richmond: Okay.

John Panetti: -- do you want to elaborate at all? You're unmuted currently. And if not, just say no, and I can re-mute you.

Tracey: Yeah, sure. So the question that me and my team have, we're all here, we wanted to know since [inaudible], if [inaudible] within the past five years, is it at the time of the hire that he's classified as a Section 3 worker? Or is it within the previous annualized year? For example, they put in some time in 2016 and at that time they could have classified as a Section 3 worker, they could have [inaudible] HUD [inaudible]. But now they have way surpassed it. And actually --

Kris Richmond: Sure.

Tracey: -- we have another question.

Kris Richmond: Yeah, so the five-year thing is a little tricky because it's five years but it's only five years starting when the rule is in place. So the five year right now can only go back to November 30th of 2020. So the 2016 year doesn't really work for us right now. If it was 2025, we could go back to 2020. But right now, the five year really as far back as we can go is when the rule's in place for 2020.

So if it was 2025, and somebody was hired in 2020 and they were low income in 2020, we could go back those five years, but we can't go back to 2016. We would need to look at what their income is when they were hired as of November 30. Does that make sense?

Tracey: It does.

Kris Richmond: Okay.

Tracey: A little misleading but it does.

Kris Richmond: Okay.

Tracey: And I do have another question. So we're from the city of Newmore and we have so many sections in-site occurring at one time. We give so much money [inaudible] to give you a better feel, in 2019 we probably expended around \$94 million on projects or activities subject to Section 2 [inaudible].

And it's thousands of sites. [inaudible] multiple dwellings, [inaudible] public schools. So if we really do think about targeted Section 3, and conducting a one-mile radius for these sites, do you think that it's a little bit unfeasible considering the [inaudible] projects that we do at one time [inaudible]?

Kris Richmond: So this is funding with HDC assistance?

Tracey: Yes. Community development block grant funds.

Kris Richmond: Okay. Right. So there's other ways that they can also be identified as target Section 3. So if they are employed by a Section 3 business concern, so if any of your contractors are Section 3 business concerns, they could hit the targeted Section 3 definition that way. Or if they are a YouthBuild participant, it could be identified as a targeted Section 3 worker that way.

For within the mile radius you would just have to look at site by site. I mean this is project by project so it's just -- I'm assuming you have a Section 3 coordinator.

Tracey: Yes.

Kris Richmond: Who has the staff that helps them tracks this too.

Tracey: Yeah, and also are we really supposed to, like you mentioned before, track the [inaudible] site at least \$200,000 or that's what we need to do?

Kris Richmond: So if it's more than \$200,000 per project of HCD assistance, then it will trigger Section 3. Yeah. And --

Tracey: [inaudible] --

Kris Richmond: -- then it's going to be reported project by project. So when you go -- this is CDBG funding, you go into IDIS, there's going to be screens that say, did Section 3 apply and you're going to say yes and then it's going to expect you to put reporting in there.

Tracey: Okay. This makes a little bit more sense. Thank you for clarifying.

Kris Richmond: Sure. Yeah, thank you for asking and appreciate all your efforts. I know you're doing a lot of good work there.

Tracey: Thank you.

Kris Richmond: John, who's --

Tracey: [inaudible] thank you.

Kris Richmond: -- next?

John Panetti: Next we have Julianna. One second. Julianna, you are currently unmuted.

Kris Richmond: Yes we can.

Julianna: Whoo-hoo. All right. We actually just got answered one of the questions. I'm --

Kris Richmond: Okay.

Julianna: -- with all CDBG. We're looking, hold on one second.

Kris Richmond: Sure.

Julianna: I asked the one about the developers and I guess my big concern is there is a lot of gray area between November 30th and June 30th where we have time to become in compliance. I know our reporting is exact but for one I have agreements that went out in May of 2021 for multi-family housing with developers where they were required to have all their contractors and subcontractors in the picture before we could contract with them.

And we're just wanting to make sure that we're not missing anything. We're crossing all the T's that are required. And I feel that it's pretty ambiguous exactly what we're supposed to be doing for those projects awarded between November 30th and the end of June.

Kris Richmond: Okay. So I brought up the slides here. So we need to be following the new rule for those that were signed between November 30th and July 1st. Okay. So we need to follow on the 75 which is this new rule. But you're not required to report on that unless you're using block grant assistance funding. Okay. If you're using block grant assistance funding, then you do have to report in IDIF [sic] for your open activities starting this summer. Was it HCD assistance or public housing assistance?

Julianna: HC.

Kris Richmond: Okay. So does that answer your question for the transition --

Julianna: So if we have any agreements that went out between November 30th and July 1st that did not have the new Section 3 wording then those should be amended?

Kris Richmond: Yes. To keep you out of hot water, yes.

Julianna: Okay. That's what I thought but I just wanted to clarify on that.

Kris Richmond: Sure. Yep.

Julianna: Can I go on to my next question?

Kris Richmond: Sure, of course.

Julianna: I heard someone speak earlier about contractors, they refer contractors but some of them no longer bid on these projects. And I've heard throughout the state of Missouri the same thing, a lot of contractors don't know if they want to bid on our projects anymore with these new requirements. And, so, I'm struggling to get them to understand, we just have to meet these qualitative efforts because I don't want --

Kris Richmond: Well, and the --

Julianna: -- see --

Kris Richmond: -- these requirements, I think they're actually easier than the old requirements. They really try to streamline what needs to be done and really focusing now on labor hours rather than hiring. So and we can focus on you can still use the same staff that you currently have, we're just trying to identify if anybody on the staff is low income or fits within one of these categories.

So I think there's a lot of different ways you can explain it so that they're not afraid of it. Because it was actually supposed to be the changes were put in place to try to make it easier for you to meet these requirements rather than make it harder.

Julianna: And that I agree, that was one thing I've been trying is to get them to not be afraid of it, it's just something new and we'll see, it's not as hard as it seems.

Kris Richmond: Yeah.

Julianna: And that is the situation a lot of our contractors are union which I know this longer goes by new hires but --

Kris Richmond: And union is okay --

Julianna: -- but --

Kris Richmond: -- I mean it's okay if their employees are over income. I mean we just have to try to work different ways, like you were saying, with the qualitative efforts. If you're working in an area that is highly unionized and you're just not going to be able to get Section 3 workers

because of all the unions, maybe we can try to open up some discussions with union shops about maybe setting up apprenticeship programs or maybe trying to do some outreach with educational areas to try to train more people so they can then become more upward labor able joining organizations that then can have a union.

So there's different ways you can try to still help support this even in highly unionized areas or YouthBuild --

Julianna: And a lot of them do --

Kris Richmond: -- [inaudible].

Julianna: -- have apprenticeships. I do see a lot of our union companies do apprenticeships, so that would be one qualitative effort. But my other question is how many -- I mean I don't think they're going to -- somebody's going to tell us two or three but a lot of them want to know how many they reasonably have to meet.

Kris Richmond: How many?

Julianna: Of the qualitative efforts when they don't meet their Section 3 benchmarks.

Kris Richmond: So the qualitative efforts can be cumulative. I mean, we would like certain things to be project specific as well but if you as an agency are trying to do job fairs throughout the year, you're working with your workforce development board throughout the year, those can also be identified as qualitative efforts. You know so not everything is pushed down to one specific organization, if that makes sense.

Julianna: And that's their --

Kris Richmond: It's lots --

Julianna: -- thing is they don't have job fairs because when they want a new employee they will go to the union hall --

Kris Richmond: Right but you --

Julianna: -- but they don't --

Kris Richmond: -- the community could do job fairs, right? You could have a community-wide job fair and reaching out to low-income people in your community. You could have resume building workshops for people in your community. So there's lots of different things you can do to reach out to low-income folks in your community rather than just the contractor doing that.

Julianna: So the cities or counties can be doing these things in addition to the contractor. It's not just solely -- it just seems like the reporting that we do on this is solely from the contractor.

Kris Richmond: So what we want from the contractor is, who are your workers and are any of your workers Section 3 workers? And if so, how can we document that they're Section 3 workers? And if by chance do any of your Section 3 workers also qualify as a targeted Section 3 worker? And if so, what kind of documentation do we need for that?

So that's really what we need our contractors to do. And if we can get our contractors to do qualitative efforts as well, that's even better. But most of the agencies are the ones that are going to be doing the majority of the qualitative efforts.

Julianna: Okay. So our actual city or counties are the ones that are more responsible for the qualitative efforts?

Kris Richmond: I think it's going to end up falling on your shoulders. I don't want to say exactly that you're fully responsible for that. I mean, you have to do the reporting but you can pass off things to other organizations that are helping to assist you. You can provide your contractors to do certain things. You can ask them to do certain qualitative efforts as well. It's just, what's going to be successful in your community. If you know your contractors --

Julianna: [inaudible] --

Kris Richmond: -- are only going to hire --

Julianna: -- agency.

Kris Richmond: What's that?

Julianna: We're running the non-entitlement state agency program.

Kris Richmond: Okay.

Julianna: Rather than an entitlement individual --

Kris Richmond: Oh, I see.

Julianna: -- [inaudible] program.

Kris Richmond: Okay. All right. Well, I mean your subrecipients can help run some of that too, right, for you? And Nathan, I don't know if you're still there, if you're able to speak a little bit on some assistance on what states can be doing.

Andelyn Nesbitt Rodriguez: I don't think he is.

Kris Richmond: All right. Well, I hope that's helpful. Did you have any other questions?

Julianna: Not at this time. Thanks.

Kris Richmond: Okay. Thank you. John, any other people that are waiting in the queue?

John Panetti: That was everybody in the queue.

Kris Richmond: Okay. Andelyn, is there any questions that have come in that we can share with folks or?

Andelyn Nesbitt Rodriguez: Yeah. I have one here. Can you confirm that the final rule does not allow us to count a person who was hired as a Section 3 worker within the last five years whose pay rate later exceeds the income limit within the same period? And that was Tracey Rowe. So I believe --

Kris Richmond: Yeah, so we talked about that a little bit already. But if you want to go ahead.

Andelyn Nesbitt Rodriguez: Yeah, I just had that pulled up here. This would be day two, slide 15. And help me if I'm wrong about this, Kris, but I believe that what this question is asking is -- we cannot confirm.

So if a person is hired and within that same five-year period, and they're certified as a Section 3 worker then within that same five-year period their income goes up, they can still be counted as a Section 3 worker from the time that they were originally certified as long as the worker is employed with the same employer.

So even if their income goes up for the five years, from that original certification date, as long as they're still with the same employer, they can be counted as a Section 3 worker.

Kris Richmond: Yes. We just need to remember that the five years right now can only go back to November 30th of 2020.

Andelyn Nesbitt Rodriguez: Right. Thank you so much.

Kris Richmond: Sure.

Andelyn Nesbitt Rodriguez: We have a few people who have mentioned that they're trying to get into the Section 3 trainings and they're closed. So I am not sure if we're going to open up anymore of those, if not then the information will be online in January.

Kris Richmond: Yeah. And then if you work for a PHA, we're also going to be doing three or four more trainings in the springtime. I don't have exact dates yet. I want to say probably March or April specifically for PHAs because this training was for both HCD recipients and PHAs but we had very few PHAs attend, so we're going to have PHA only sessions in the springtime.

Andelyn Nesbitt Rodriguez: One more really quickly and then I'll give it back. Because I've had a couple of folks ask, what are consequences for contractors not meeting Section 3 requirements? Verbalizing that they will but ultimately not doing it.

And what I'd like to say about that is, ultimately Section 3 compliance is the responsibility of the grantee of the PJ. So you should -- this is one place that a Section 3 plan really comes in handy because consequences absolutely should be a part of the Section 3 plan and that should be something that's shared with the contractors before during the bid period. And hopefully that can help but ultimately should HUD monitor and should there be an issue and Section 3 the requirements aren't met, then that would fall back on the participating jurisdiction.

Anything on that, Kris or Janine?

Kris Richmond: No, I think that's great.

Andelyn Nesbitt Rodriguez: Okay.

Kris Richmond: I was trying to find the benchmarks because somebody was asking -- here we go. They were asking about the PHA benchmarks, so I'm bringing up the slide here. This is that 25/5 where 25 percent of the labor hours for the PHA for the fiscal year have to be Section 3 workers and of that 25 percent, 5 percent of those labor hours need to be completed by targeted Section 3 workers.

So we're actually doing two different calculations and we are using the same total number of labor hours. Okay? So people often ask me, well, am I double counting? We're not double counting, so we're doing two separate calculations. We're trying to figure out Section 3 labor hours and targeted Section 3 labor hours. And for PHAs we're doing this on a fiscal year. Okay.

And then for the housing community development assistance, we're doing it project by project. It's the same benchmarks, 25 percent for Section 3 workers, 5 percent of that 25 percent for targeted Section 3 workers. The difference for housing community development assistance is we're looking project by project. Whereas for public housing, we're looking at the labor hours for the full fiscal year.

Andelyn Nesbitt Rodriguez: Okay. I could go on but I'm going to see if --

Kris Richmond: No, see if there's any --

Andelyn Nesbitt Rodriguez: -- any --

Kris Richmond: -- what else do you want to expand upon?

Andelyn Nesbitt Rodriguez: Okay. Just one more question because I'm just asking the ones that I'm seeing over and over --

Kris Richmond: That's okay.

Andelyn Nesbitt Rodriguez: -- again.

Kris Richmond: There's no one else in the queue.

Andelyn Nesbitt Rodriguez: Okay. All right.

John Panetti: There's actually two people in the queue but --

Kris Richmond: Oh, is there --

John Panetti: -- Andelyn --

Kris Richmond: -- two? Oh, yeah --

John Panetti: Yeah, but --

Kris Richmond: -- then go ahead.

John Panetti: -- but definitely. But Andelyn, if you want to keep asking ones that you're seeing over and over again, that's fine and then we can go to the queue.

Andelyn Nesbitt Rodriguez: Okay. Thank you. If a project doesn't trigger Davis-Bacon, so they don't have certified payroll, but triggers Section 3, how would you recommend implementing and administrating the program? And I'm going to ask it a different way. Is there any recommendations that you can make to document the hours if the project is not Davis-Bacon?

I would say the payroll from the contractor, the contractor would have to help you out with that to provide the payroll and the hours there.

Anything else that --

Kris Richmond: I think --

Andelyn Nesbitt Rodriguez: -- [inaudible]?

Kris Richmond: -- I also recall from the training we used to talk about if you're working with contractors that may not have a sophisticated payroll system in place that you could rely on the estimate that was provided too as well to help with that documentation. So there was a lot of different things I think we talked about in the training session about that.

Andelyn Nesbitt Rodriguez: I think even if they're not using a sophisticated tool, I think that contractors know generally what they're paying for and, so, that would be some information that you'd need to get from them.

Kris Richmond: Great.

Andelyn Nesbitt Rodriguez: All right. Thank you. That's it for me for right now.

Kris Richmond: Okay. Well, hang around, you can help answer questions. John, who --

Andelyn Nesbitt Rodriguez: Absolutely.

Kris Richmond: -- do we have in the queue?

John Panetti: First we have is Terri. Terri, you're currently unmuted.

Terri: Thank you, John. My question is, we have a rental incentive loan program. And that program will generally not trigger Section 3 but if it's a duplex it will. So we just had one go over by \$4,000 even so the owner developer is not necessarily a business owner. They simply are the owner of the property and it's a scattered site sort of situation.

So would we require them pretty much to act -- since they're acting as the general contractor, we're going to require them to collect that same documentation and have contracts with their contractors with that language in it. I just wanted to confirm that that would be the same --

Kris Richmond: As long as --

Terri: -- process?

Kris Richmond: -- as long -- are you doing rehab? Is that the activity that's [inaudible]?

Terri: Actually, it's acquisition is the majority of it, but, yes, it's acquisition and rehab.

Kris Richmond: Okay, yeah. If rehab's involved, then it's going to trigger and it's more than \$200,000, then it's going to trigger. So yeah, you just have to work with the owner and let them know what the paperwork is and what you're trying to accomplish, what your goals are. And go over the documentation with them and set up a reporting schedule and maybe have them report more often at the beginning so you make sure they're on track rather than later on trying to help them catch up with stuff.

Terri: Okay. I appreciate that.

Kris Richmond: Sure.

Terri: And so far they've been very receptive to it.

Kris Richmond: That's great. Good.

Terri: I just wanted to make sure I wasn't missing anything. Thank you.

Kris Richmond: Sure, of course. Who's next, John?

John Panetti: Next we have John. One moment John. Okay.

John: Okay.

John Panetti: John, you are unmuted.

John: Yes, hi. Two-part question [inaudible] Q&A but [inaudible] second part it's a HCD or CDBG DR customer. Since September of 2020 construction and elevation costs have almost doubled. I think I had 15 projects over 200,000 through February and now I'm up to 94 projects. So basically, almost every recon and or elevation project is over \$200,000 in Section 3 reported.

Again, as we move forward, this could create hundreds, if not thousands, of reportable projects. Has HUD examined current costs of construction? And will they possibly accelerate the three-year process for assessing those thresholds?

Or the second part of that is, my interpretation of the original Section 3 notice in 2020 left the window open to request increases to that threshold regionally. Has anybody done that or do you have any advice on how to do that? Thank you.

Kris Richmond: Sure. That's a great question, John. So we are not HUD employees and our HUD person looks like they've dropped off but I would recommend that you put that question in the Section 3 HUD question. Let me see if we have that identified. There's a -- I'll find the email. There's an email that you can email question to and ask them that. I have not heard that they're doing any review at this time because everybody's just trying to launch it and get it going.

But Janine, you've been in contact with HUD a little more often than I have. John was talking about how construction costs have gone sky high and he used to have like two projects a year and now like 90 percent of his projects are triggering Section 3. Has HUD been talking about a regional approach, anything sooner than the three years or is it still kind of quiet on that front?

Janine Cuneo: I have not heard anything either. It is a great question. I have a feeling many of you are dealing with issues of construction costs soaring, etcetera. That said, do we have that Section 3 email? I could grab it if you're not finding it easily. I think it's a good question to ask HUD.

I know that the benchmark e-notices at least every three years so it could be earlier. And part of the reason why that benchmark e-notice is being done at least every three years is to review some of the requirements and rules of Section 3 to be able to define things if they need to be a little bit differently. And, so, I'm not sure I know that the thresholds actually would change or not but it is something to make sure HUD is aware of. I haven't heard that change at this point, though.

So I think one could assume and probably need to assume that looking at the current construction costs and how they've been going that you are probably making assumptions about needing to put together an internal process and a team that meets probably the level of Section 3 projects that you're going to have. Because I don't think, my understanding of the construction business right now, those dollar amounts aren't going down any time soon.

Kris Richmond: Yeah. I found the email, it's section3@hud.gov. And I will put that in the chat. So John, I just recommend that you send that question in to section3@hud.gov about that, but, yeah, like Janine said, I know there's a lot of you that are really concerned about that right now.

Did you have any other questions?

John: Sure. Aside from that it's [inaudible] Section 3 seems almost impossible within the CDBG GR world with the idea of housing projects last three to five months. And in our case, they're spread across 14 counties. So we don't have vendors or contractors in each county but we have contractors that are either national or state that are bidding on stuff and traveling.

So has there been any discussion of a possibility of using the contractor's home base [inaudible] Section 3 or targeted Section 3 to go out and work on a project in one county this month, another one in another county next month to help us get to our benchmarks or is it going to stay its project only location?

Kris Richmond: Right now, it's project only location. But remember, when you're identifying somebody's income for Section 3 worker we're looking at the location of where that worker lives. So I mean if they're coming from a low-income area, if they are low income or comparing it against a metropolitan income level of where they're living. So if your job is in Florida and the person's coming from Alabama, we look at their income and we compare it against that. I mean, we're comparing against the residence of where that worker is living. So that might be --

John: Section --

Kris Richmond: -- helpful.

John: -- [inaudible] more targeted. Okay.

Kris Richmond: Yeah, so nothing has changed right now. We're still just trying to implement the way it's been set up.

John: Thank you, ma'am.

Andelyn Nesbitt Rodriguez: The --

Kris Richmond: Sure.

Andelyn Nesbitt Rodriguez: -- one thing on that, Kris, sorry, I was kind of --

Kris Richmond: Yeah.

Andelyn Nesbitt Rodriguez: -- listening a little bit, is to consider to a Section 3 business concern, if we can go to the definition of that for a second. I do want to make sure that when one is considering is there able to work through this Section 3 business concern, I think is day one, like slide 37 --

Kris Richmond: Yeah.

Andelyn Nesbitt Rodriguez: -- or 38 --

Kris Richmond: Yep. I just found it.

Andelyn Nesbitt Rodriguez: -- that that is also not location specific. So if you do have an entity that meets the Section 3 business concern definition, then that also is not location specific. So that might mean they're working on one project in one county, on another project in another county. As long as the recipients have ensured that the certification of the entity is a Section 3 business concern, then that would not be location specific as it relates to the definition of a Section 3 business.

Kris Richmond: Okay. We just have a couple more minutes left.

John Panetti: We have one more --

Kris Richmond: John, is there anybody --

John Panetti: -- person.

Kris Richmond: -- out in the queue?

John Panetti: Yeah, just one more person.

Kris Richmond: Okay.

John Panetti: Alicia --

Kris Richmond: Great.

John Panetti: -- you are unmuted. Alicia, are you there?

Kris Richmond: Doesn't appear --

Andelyn Nesbitt Rodriguez: Alicia can't talk. She said that she can't talk. She had a question, and I'm sorry, Alicia, I'm trying to help. She had one question that we answered about Davis-Bacon. And said that she had another question. I've asked her to type that to me. So Alicia, if you can type that to me I'd be happy to answer it for you.

Kris Richmond: Okay. Janine, was there any other outstanding trending questions that came in that everybody should hear?

Janine Cuneo: We have still a lot of questions. We've had over 74 questions in the queue which is, to be blunt, almost impossible for us to get through all of these. Just want to be honest with

everyone. And, so, why don't I start answering some of these verbally, recognizing that this is -- we're not going to be able to get to all these.

Kris Richmond: Okay. And we also have like two minutes left of our time as well.

Janine Cuneo: Yeah. We might go over by a couple minutes for those that are interested in staying on for a couple more.

Kris Richmond: Okay, great.

Janine Cuneo: Someone says, we received a CDBG contract for \$182,000. The city will contribute 20- to complete the project. Does this trigger Section 3?

So again, it's not about the size of the contract award, it's the dollar amount of the project. So you might have three contracts in one project, it's really -- that doesn't trigger Section 3 because it the size of the project. So the project exceeds for CDBG \$200,000 of CDBG or other HCD funds, so CDBG the [inaudible] then it would trigger Section 3. If it's a project that has \$180,000 of CDBG and maybe 25,000 of city general funds or it might have a bond measure, something like that, those are not HUD funds. So it's the HDC specific funds.

Where an entitlement city is Section 3 required for HOME or CDBG public facility projects, our projects are usually over 300,000. Again, the threshold for HCD funded projects is that exceeds \$200,000 of that fund. The second part of the one you need to look at is what type of work is being done.

So if you think about it from an HCD funded project, that'd be housing rehab, housing construction and then other public construction. So if it's one of those three types of housing and community development projects and the amount that's entered exceeds \$200,000, then it would be a Section 3 project.

He's asking a question, does CDBG DR entity, their interpretation of the original Section 3 notice left a window open for requesting regional adjustments to the 200,000 threshold. Has anybody requested this increase?

So I think this is coming back to the individual who also was asking a very similar question around it. Again, we do not know what, if any changes, will happen during the at least once every three-year benchmark notice that will come. They did talk about doing things like potentially doing regional adjustments to the benchmarks, etcetera.

Not sure if I read it to the thresholds but I'm happy to be said I'm wrong, so I just want to note that you should be looking at that. Just looking through some of the questions.

Kris Richmond: It looks like we had one more person that wanted to ask a question verbally.

Janine Cuneo: Please.

Kris Richmond: John, it looks like Julianna has another question.

John Panetti: Julianna, you are unmuted.

Julianna: Thank you. So having the Section 3 business concern slide up it prompted another question. So is there any reporting on Section 3 business concerns or is it just that knowing if a business is a Section 3 business would trigger knowing if their workers' hours are Section 3 worker hours? Or is there reporting that has to be associated with a business as well?

Kris Richmond: So a Section 3 business concern will help you with your prioritization of efforts because remember for contracting that's one of our prioritization efforts that we are actually trying to provide contracts to Section 3 businesses. So that's one of part reporting.

And then when we are looking at our Section 3 workers and our targeted Section 3 workers, then if someone is employed by a Section 3 business concern, they could count as a Section 3 worker and then also as a targeted Section 3 worker by working for a Section 3 business concern.

We did in a training, we provided a sample Section 3 certification form, so you could ask the Section 3 business to complete that and then you could review that and put that in your documentation. And then a Section 3 business concern does need to be reviewed every six months to determine if they still are a Section 3 business concern.

Does that help?

Julianna: So where would the reporting be? Because like we again as a state, so we have to be different than everybody else.

Kris Richmond: Okay.

Julianna: But we also have all of our state statutes and state laws so we have to abide by and so we have to be awarding contracts. We can't give any kind of preference to a Section 3 business concern. So I just want to confirm that it's basically our knowing of a Section 3 business concern is just so that we'll know if their worker hours are Section 3 worker hours then to report into IDIS. Or is this a qualitative --

Kris Richmond: Yeah. Yeah, it's in IDIS. My understanding is it's in IDIS that you would certify that you met the prioritization of efforts. And then in your files, you would have documentation that you worked with Section 3 businesses and then in those files you would have some type of certification from the Section 3 business that they are indeed a Section 3 business.

Now, this might be down, not in your offices, it might be in your recipients' offices, but somewhere somehow there's documentation that's keeping track of all this.

Julianna. Okay. Good enough.

Kris Richmond: Okay.

Julianna: Thank you.

Kris Richmond: Sure. Janine --

Janine Cuneo: I think we got --

Kris Richmond: -- any last minute questions?

Janine Cuneo: -- I was just going to say, I think we got through the vast majority if not all of them. And --

Kris Richmond: Okay.

Janine Cuneo: -- so, probably through the verbal and the Q&A chat we probably got through almost a hundred questions.

Kris Richmond: That's great.

Janine Cuneo: Hopefully supported everyone in your efforts to work through this new Section 3 rule and in processing the requirements.

Again, this was recorded and so we'll work with HUD to determine posting. And we did get a lot of questions about folks that were wondering about the multi-day training. They either weren't able to make it or how do I get that. So just to remind you that Kris had mentioned earlier, that there will be a posting of that come January that will include the slides for those, it will include a recording, and again it was six hours of training so you can sit through all six hours, have the recording, and there's also going to be tools that we release during those trainings that will also be posted at that time.

Just to let people know those were region specific questions but the posting will be agnostic to a region. So even though it might be for Regional 10 training, there's nothing going to be specific in there that if you're in a different region that that training still wouldn't provide you a lot of great information. So nothing region specific in there.

Anything else, Kris or Andelyn?

Kris Richmond: No. I just want to thank everybody, really appreciate people being able to get on and ask their questions very candidly. It was a great interaction this afternoon. I want to thank my colleagues, Andelyn and Janine, and John for providing support today. And hopefully we will see you all again soon. Thanks everybody. Bye.

(END)