2021 Section 3 Final Rule Training Series

Session 2 Office Hours

Les Warner: Since our last session we forgot to introduce ourselves. We're going to start right away with that. I'm Les Warner from ICF. I'm joined by my colleagues Andelyn Nesbitt Rodriguez and also Janine Cuneo.

Since you have a couple of options on how you can ask questions, either requesting through the chat box to unmuted and be able to verbally give us the question or you could use the Q&A box. I guess I would probably recommend if you have kind of longer complicated scenarios that you want to provide to us, they might be easier to do by asking to be unmuted.

And we will from time to time as needed Janine might be saying to you, hey, I'm going to ask that we unmute you and let you give us a little more information. And from time to time we might be calling on Janine and saying, hey, we want you to join us on thinking through the answer to that.

So without any further ado, so I've encouraged you if you're -- I'm hoping some of you are coming to the session with things you've been thinking about as a result of going through the training. So if you have questions, go ahead entered them into the Q&A and those of you that want to provide something verbally, just enter into the chat box and tell us you'd like to be unmuted and we'll jump in on your questions.

While we're waiting for chats to come through, I just will, since we have our resource slide in the packet, just want to remind folks, and this was included at the end of our training series, but for ongoing reference we do encourage you to look at the HUD.gov Section 3 page and then also at the HUD Exchange, Section 3.

Just also to mention that we are now having notices that are being issued by the different program offices and they kind of further define some of the responsibilities. Also things specific about reporting requirements, so I would encourage you if you have not looked at, we have a notice for home and housing trust fund, reference to your 21-07 and also OBGA, the Office of Block Grant Assistance has issued then in Notice 12-09 which relates to the CDBG, and I believe disaster funding coming through that office.

Janine Cuneo: Les, while we're waiting, why don't I start off a question that we often get.

Les Warner: Perfect.

Janine Cuneo: Is a housing community development entity, so someone that maybe receive CDBG funds, and they are running a housing rehab program, and the program is a program that they've allotted about half a million dollars for, but none of their loans are grants they do out of that to an individual single family or maybe a duplex or a small multi-plat as over a $30- or a $50,000, is Section 3 triggered?

Les Warner: Great. So that's a very good question. I think it's good to review that. Andelyn, can you take us on the day one slides to Slide 30, which covers the definition of a project. So one of the key differences with the new Section 3 rule versus under our old part 135 rule, we used to be looking at the total amount of a grant and then be saying or, you know, a written agreement and saying, that it was triggered because of the dollar amount on that.

For Part 75, our new Section 3 rule, it's based on the project. And so that definition of what is the project becomes really important here. So our definition is site or sites together with buildings and improvements that are located on the same site or could be scattered sites that are under common ownership, management, and financing.

So in the scenario that Janine mentioned, in this case, you know we might have a local homeowner rehabilitation program that's being operated and let's say the local grantee has provided a sub-recipient an award of maybe $800,000 and with an expectation that they're going to be -- I'm not going to try to do a reasonable math in my head, but let's say they're expecting to do 40 houses as part of that.

And so we're going to have individual owners that are applying, so each of those is going to be under a separate ownership and the HCD assistance will be committed to each of those individual projects. So we have to then apply -- so our project is each one of those single-family units, using this definition, and then we would apply the HCD threshold on this.

So for HCD we have a threshold which is triggered when the funds exceed $200,000. So in our typical homeowner rehabilitation program, we probably aren't going to exceed that $200,000. And so you may well be running an entire program that for homeowner rehab is not going to be triggering the Section 3 requirements. But you're going to have to apply that test to determine what's the project, then apply the threshold that you determine, is this project triggering Section 3, will I need to be tracking and reporting on this or is this a project that is exempt?

Let me give you sort of an alternative example. So let's say I was running a rental rehabilitation program. Or actually let's use COM [ph] and say that we have a CHDO that's going to be funded and they're going to acquire and rehab and then sell 10 units. So in this case, that project, we're going to have common ownership for those 10 units of the CHDO. They're going to be managing the project until the point that those units are sold and there's one financing package for that acquisition rehab and resale for those 10 units.

So using this definition, we have a project which includes 10 units. So because these are not 10 separate projects, but they're one project, it's going to be likely that our threshold is going to be exceeded, it'll be over the $200,000.

And so in that case, this project of those 10 units is going to trigger Section 3 and require that all of the protocols that we've talked about on planning, on having identifying those projects including Section 3 language and agreements, making sure that all of our partners are understanding their roles and responsibilities towards meeting the benchmarks for our projects.

And so one of the things that I think a grantee needs to think about is sort of in the planning phase, looking at the whole spectrum of activities and projects that they're funding, to look at where they are likely to have Section 3 compliance, responsibilities and then have a process as they are making funding decisions to be able to determine, oh, this is a project that is going to trigger Section 3 and have appropriate language and protocols in place as part of that.

Andelyn, anything you want to add to that?

Andelyn Nesbitt Rodriguez: No. I think you covered it.

Les Warner: Well, if you let me talk long enough, I'm probably going to cover most of the details on that. And that has been a common question. I think a lot of folks have looked at this and thought, you know this was maybe a bigger lift for them until they had begun to analyze the types of projects and programs that they were funding and then determining where their Section 3 liability was going to be.

So then think about, you know who needs to be brought up to speed on these requirements, including all of our partners, contractors, subcontractors and, you know that's part of your planning, staffing on this and building out what your procedures are going to be.

Andelyn Nesbitt Rodriguez: We had an interesting question in the last session that was similar, this is about public improvements. And so the city funded a public improvement project for $100,000 one year and then two or three years later funded another one and this person wanted to know about timing.

And the answer to that is, because it's two separate projects, then Section 3 was not triggered. Although that is under common ownership and, you know management and because it's the city, and it's the right of way, it's still a separate project. So Section 3 wouldn't be triggered. So as far as timing, it's about that as well.

Les Warner: And you sometimes will see that also in rental housing where you have a phase one and phase two or even, you know doing a home ownership project where you're going to build a certain number or rehab a certain number of units, sell them and then come back for additional funding for additional phases. And so those would each be defined as separate projects.

Andelyn Nesbitt Rodriguez: Absolutely. All right, Medora [ph], do we have any questions that are coming in the chat?

Medora: We do have a few that are in the chat. There is one attendee, Adele who would like to ask their question verbally, so I will now unmute --

Les Warner: Great.

Medora: -- Adele.

Adele: Hi there, this is Adele.

Janine Cuneo: Hi, Adele.

Adele: Hope you are all doing well today. Hey, I have a question, it has to do with the technical issues of reporting Section 3 in the DRGR system, because I feel like a Section 3 can more appropriately be reported in the IDIS system but our grant is reported through the DRGR system. And the HCD might have, for example, an LMI activity set up under the housing program project in DRGR which may have over 800 different rehab little projects --

Les Warner: Yes.

Adele: -- single family rehabs. Okay. Of that, we already are starting to see possibly over 200 of those 800 which will trigger Section 3. They're not completed, they're still in process. But the question is, we were thinking, well, golly, how do we report each individual single family when we have all 800 rolled up in one multi-million-dollar DRGR activity?

My guess would be, okay, let's take a look at these, have each one of these contractors, it's the same contractor by the way that's doing these different single-family rehabs. Anyway, let's say they propose it's going to take a thousand hours for each one of those.

My guess is I would multiply -- I mean the reporting would be, if I had 200 of these projects at a thousand hours each, you know, there'd be 200,000 total labor hours of which they have to give me an estimate of how much of that is Section 3 worker hours and targeted Section 3 worker hours.

I mean, how am I going to segregate those different activities when it's all rolled up in one? Am I making myself clear?

Les Warner: You are. I'm wondering, Janine, I think --

Janine Cuneo: Yeah.

Les Warner: -- you're the person who's had more DRGR interaction.

Janine Cuneo: Yeah. So it's a great question and, Adele, I don't think you're going to be alone. I know when the notice came out that Les was speaking to at the top of the call, there's a notice CBD 21-09 --

Les Warner: [inaudible] --

Janine Cuneo: -- I actually looked for that answer in that specifically when that came because I didn't think you were going to be alone in that DRGR and it didn't speak to that specifically or not. And we just talked about it. The activity level, this is how you report on the metrics like you would do, you know any other metrics that you're reporting on in an activity level.

And so I really am going to recommend here that when there is a DRGR help desk specifically on the HUD Exchange, and I'm going to recommend that we go through that desk to see and ask that you enter that question in that desk because I think they're going to need to unpack that question to think about how best to serve not just you but other grantees that are allowed to roll up their activities very specifically in DRGR for CDBG money, MIT and RHP as well.

And so I haven't seen any answer come out yet before. So Adele, I hate to do that to you and I apologize that we can't answer this right now for you but I do think the best resource for you will be to go to the HUD Exchange.

There's a ask a question that you can go into and enter that question into that for DRGR and that way you'll both have the answer in writing, which I think will very help for you. And I also know that that will go through the process to get people thinking about that and get you an accurate answer.

Adele: Yes. So okay, that's AQ you're talking about through the HUD Exchange which I frequently submit --

Janine Cuneo: Great.

Adele: -- but my concern is, we'll have to reconstruct the action plan.

Janine Cuneo: I agree and that's why I don't want to give you a false answer because I recognize that, you know if that is going to be the answer you do eventually receive, it's not a small lift [ph] and so I really want to make sure you get the hundred percent right answer because I recognize if they are going to ask you to unpack that one activity to multiple activities, that is not a small lift for you.

Adele: Okay. Thank you so much. We are --

Janine Cuneo: We have a general --

[talking over each other, inaudible] --

Janine Cuneo: -- question I wanted to throw at you, Les, because I think the words we're using is triggering Section 3. And someone's asking like, what does that mean when we say the words triggering Section 3? It's just a good definition that I want to make sure everyone on the call does understand because we're gong to use that a lot. So I want to pass it to you.

Les Warner: Yeah. So when I'm using the term triggering Section 3, I'm kind of going through a process of first thinking about is this a funding source that is covered by the Section 3 requirements and then of kind of working through a pathway.

So on public housing, it is going to include -- and thank you Andelyn for magically having this slide appear -- it's going to include your development assistance operating capital funds. And we also know that with public housing assistance, we do not have a threshold. So we don't have some projects that, because of, you know a limited investment that we are exempt from Section 3.

So that's kind of the pathway, public housing assistance, to figure out is this funding that is included in this and because we don't have a threshold, then we know that Section 3 is going to apply. For our HCD funds, first off we have to see, you know is this funding source that's covered, but then our applicability on this is limited to housing rehab, housing construction and then other public construction.

So for instance, if I was a CDBG grantee and I was doing, let's say, down payment assistance, some public service activities that I was funding but I was also doing maybe a curb and sidewalk program and some housing rehabilitation program, so I would know that my public service, because it doesn't fall into rehab construction public construction, that's not going to trigger or require Section 3 requirements to apply. And neither would my down-payment assistance program because I'm just providing direct financial assistance.

But for the curbs and sidewalk, that's going to fall under public construction and so we would then have to apply our threshold on that. So if that project, if our commitment of HCD funds exceeds $200,000, which probably the majority of public construction projects are going to trigger, then we would need to make sure that we were following all of the requirements for Section 3: Collecting the information about total labor hours, Section 3 and targeted Section 3 workers and, you know, a prioritization of effort that we've talked about on this. Any qualitative efforts that are being completed in case we don't meet those benchmarks for meeting safe harbor on that.

So it is this analysis of what's the funding source on this. If it's a funding source that Section 3 applies to, then particularly for HCD, looking at the type of activity to determine if it's one that is applicable for the Section 3 requirements and then applying the threshold on that.

And so it's, you know, for a public housing agency, probably much of what you're doing is going to apply because you don't have this threshold test but HCD will have to specifically look at the type of activity and then apply that threshold to determine whether Section 3 is triggered or not.

And keep in mind, that if you are, let's say, I am funding with CDBG funds and I'm only putting in $150,000, we do need to know what the other sources of funding are for that project and there might be other agency defunding in that project that would need to be included in that calculation on the threshold. And so looking at the total sources and uses on that project would be important as part of that analysis.

Andelyn, anything you want to add on that one?

Andelyn Nesbitt Rodriguez: Absolutely. You hit the nail on the hit but I do want to kind of double click on the fact that the public housing assistance, if you're $1 in, then Section 3 is triggered as far as the threshold. HCD the threshold is $200,000 but public housing, $1 and it's triggered.

And again, if you have a project that has HCD funds for example of $100,00 and then other funds, general funds that are not HCD funds, then the total project cost can be 500,000 or whatever. It's about what the amount of HCD funds, not the total project costs.

I think the [inaudible] those things. Les, I just wanted to double click on those two points.

Les Warner: No, that's great.

Andelyn Nesbitt Rodriguez: Yeah.

Les Warner: And I know that there was some back and forth with the chat box, so if we had some folks that typed in questions and we were trying to determine whether they wanted to unmute. Have we solved that or do we need --

Andelyn Nesbitt Rodriguez: Medora, anyone in the queue?

Medora: We do have a few in the queue. I can read them aloud. The first is from Rebecca. Does HUD have a mapping tool? If so, where can it be found and is there a link for this tool? They would like to map a radius within a mile of the proposed site to verify the section worker's address in relation to the site.

Les Warner: Andelyn, do you want to take this one?

Andelyn Nesbitt Rodriguez: Yeah, this is an excellent question. From what I've heard and I'm going to ask Les to weigh in too, if you're familiar with the NEPAssist tool that's often used for environmental reviews, it's a great tool if you Google NEPAssist, NEPAssist. N-E-P-A assist.

You can type in an address and it will ask you for a radius and you can put in different radius and it will make a whole chart for you with a lot of different options for what information you want based on the radius. I've heard that somewhere in there there is a population option. I have not found it yet, but that is the best tool that I know of so far. Les?

Les Warner: That was excellent. I could not have given that level of details. I think the other thing I will just mention, it's our understanding that there is a tool that is in development that I believe is in beta testing that would provide that same ability to do the mapping to determine on that service area. And I don't, unfortunately, have any information about when that is expected to be released, but the fact that it's in beta testing, should mean that it is well in that process.

And I'll just mention just for context on this, so we know for the service area for our HCD funding, when we're looking at targeted Section 3 workers, that there's a linkage to are those workers within that service area. And so if you are working in a non-urban area, so our normal sort of go to in service area, is a one-mile radius around that Section 3 project. But we need to make sure that that designated service area has a population of at least 5,000 people.

So for those of you that are working with, you know like CDBG, small cities, programs through the states, you're going to be working in non-urban areas that that one-mile radius may not contain 5,000 or more folks. And so there would need to be an analysis on a project-by-project basis and when working in those areas to determine what that service area needs.

And so in this example, that we showed, and I think this is day one slides from the training, that one mile radius only had a thousand in population. And so looking out to 25 miles we still were at 2800, and so needing in this case to go to a 50-mile radius to get that 5,000 in population.

And so once that service area has been set, then based on the address of the worker, where they reside, we would then be able to determine whether they, under one of our criteria for a targeted Section 3 worker, whether they actually qualified.

So this having a tool in place will be important. And my understanding is the NEPA tool will allow you to plug in that overlay of population information and to be able to use it in that way. I know that that question has been asked a couple of times. And I'm hopeful that there might be a future FAQ that would kind of help provide some additional guidance on that.

Janine Cuneo: Les, I'm just going to jump in that I know HUD was working on such a tool as well. I believe the last time I spoke with folks at HUD that that still is forthcoming. So I don't think there's an ETA just yet on that, so keep people's eyes out but in the midst of the time that NEPAssist tool has been helping folks.

And it is the demographic layer that you need to make sure you turn on. For those that are familiar with the word NEPA, that is an environmental item and so there's a lot of layers that one turns on in that NEPAssist tool, like coastal erosion, things like that. You'll want to make sure you turn on the demographic layer in order to get the population information.

Les Warner: And I would suggest if you're in a larger office where there's, you know an ER person that's sort of the specialist, you might want to go and have a conversation with them because they may well be already familiar with that tool and be able to help you see how to utilize it in that way.

Medora, do we have another one entered into the chat box?

Medora: We have a few more questions. I am going to push Stephanie ahead. Stephanie would like to unmute and ask a question --

Les Warner: Great.

Medora: -- as well. All right, Stephanie, you are unmuted.

Stephanie: Good afternoon everyone. I have a question -- can you all hear me?

Les Warner: Very loud and clear.

Stephanie: Okay. I have a question because we currently have a rehab project going on that I believe to Section 3. I am at a public housing association and we also are going to do some other projects coming up next year for housing, not rehabbing, but putting up new buildings.

Les Warner: Okay.

Stephanie: So I need to know if both of those projects trigger Section 3 and how would that work? Because we're going to get the funding for the new housing and we have the funding already and the project is underway for the rehab project. So do both of those projects trigger Section 3?

Because we're like a mid-size PHA and so I believe that there -- well, I'm sure there's a thousand people you know within the service area where we are, but where they're going out to depending on far it is, I'm not sure if it'll be a thousand there or not. It should be but I'm not positive. So you know just kind of want to get an idea where we are with that.

Les Warner: So I just kind of want to step back through what you told us. So my understanding is, you are using public housing assistance --

Stephanie: Yes.

Les Warner: -- as the funding for these projects. Okay. So we know that that funding is covered. So Section 3 would apply because you don't have a threshold test to be able to say, oh, that's under this amount. So it is going to apply for the project itself. And so the rehab project is underway at this point --

Stephanie: Right.

Les Warner: -- if I understand you. So does the current written agreement include language about -- and first of all, when were the funds committed for this project?

Stephanie: In a board meeting the board had to vote on it and so the board approved it this year in 2021.

Les Warner: Okay.

Stephanie: So I think they approved it sometime back in July or August.

Les Warner: Okay.

Stephanie: So the funds were approved for it.

Les Warner: Okay. So and using that --

Stephanie: They did a resolution for it so we passed a resolution to do it. And so we are, you know telling people and telling the contractors about the Section 3 involving them and telling them to come aboard and any people that they have working for them that apply, they are qualified for Section 3 too because --

Les Warner: So a couple things to keep in mind here. So and I don't know if you've gone through the Section 3 training series but if you haven't that will be really helpful to you. But, so, under the new Section 3 requirements, this applies to the overall workforce and so not just to new hires.

So as part of this planning process and as you go along in reporting, you're going to be needing to work with and I'm assuming that you are contracting with a general contractor --

Stephanie: Yes --

Les Warner: -- on this --

Stephanie: -- yes, we have a general contractor, yes.

Les Warner: Okay. So we're going to need that contractor to help identify what the total labor hours are going to be. In this case, because it's PHA funding, you're going to be tracking that on a fiscal year basis as opposed to like if this was a home funded program where they would be reporting for the whole project.

So you're going to need total labor hours and then they're going to need to look at their workforce and also workers for subs as part of this, to determine who in that workforce can qualify as a Section 3 or a targeted Section 3 worker.

So that process is going to -- I am assuming that as part of your contract that there is language in that contract about their responsibilities for Section 3 and what needs to be tracked and reported. And I think we encouraged in the training to think about, and I don't know exactly where you are in the process, but if you were still working on the procurement process and on bidding, you might want to include like require a mandatory pre-bid meeting and walk all of the bidders through the Section 3 requirements. What your process is going to be, your reporting, timelines, those sorts of things.

If you have an existing contract in place, I would want to sit down as soon as possible and walk through, make sure that they understand what it is that you need from them. And so I mean as soon as possible, we're going to want them to look at their existing workforce, determine who qualifies as a Section 3 worker and remember we have a look back period going back. Right now it only can go back to November 30th of 2020. So we could have a worker that their current salary, they were going to be over income but they could qualify based on when they were hired.

So you know getting those protocols in place to begin to identify workers that are qualifying and then begin to track those hours so that you know that system is up and running and in place. Also keep in mind that you've got this prioritization of effort in place. So making sure that all of your partners understand that protocol and that that is actively happening.

I mean to me the key here is, you don't want to sort of after the fact, after things are already going, to have to try to go back and collect information or put protocols in place. So the earlier that you could have those conversations will be most helpful. And --

Stephanie: Yeah. They just started this week.

Les Warner: Oh, good. Okay.

Stephanie: I guess we'll see --

Les Warner: All right, that's --

Stephanie: -- it just started. So that's why --

Les Warner: Great.

Stephanie: -- I'm asking this question so we can be on board and we'll know.

Les Warner: Yeah. And that's good.

Stephanie: [inaudible].

Les Warner: That's good.

Stephanie: Which we were going to ask for again, but I just wanted to make sure exactly what that process is because we're in it right now --

Les Warner: Right.

Stephanie: -- and I know we have to report all of our Section 3 workers here at the Housing Authority --

Les Warner: Yes.

Stephanie: -- as well as the other Section 3 workers who are working on any projects that we have.

Les Warner: Yes.

Stephanie: Okay.

Les Warner: Yeah. And it is --

Stephanie: Okay, thank you.

Les Warner: -- I will also -- I mentioned, I mean your goal is to meet the benchmarks but you also want to make sure that those qualitative efforts are also happening so that if you were to find that the way the numbers and for all of the efforts done meeting the benchmarks, if you don't meet those, you also want to make sure that you could still be in safe harbor because the qualitative efforts had been in place.

Stephanie: Okay. Yes, we also are working with YouthBuild as well that's starting up.

Les Warner: Oh, good. Very good. See, you're checking a lot of the boxes here, so that's really good.

Stephanie: Yeah. Mm-hmm. Okay. Thank you.

Les Warner: Sure. Andelyn, anything you want to add on that one?

Andelyn Nesbitt Rodriguez: Just one thing. You did a great job and I know there was a lot to unpack there but the caller did reference the service area in the original question --

Les Warner: Yeah.

Andelyn Nesbitt Rodriguez: -- just to be clear, the service area only applies to housing and community development funds and how you qualify a targeted Section 3 worker. So you actually don't have to worry about the service area for the public housing financial assistance funds.

Stephanie: Okay.

Les Warner: But sort of in place of the service area for your targeted workers, we're then looking at residents of the actual project itself or folks who are receiving Section 8 assistance. But you mentioned YouthBuild which gives you sort of an automatic on that also or if your contractor or subcontractor were to qualify as a Section 3 business concern, that would also automatically allow you to count all of their workers.

So making sure as part of that process, seeing if you can certify the contractor themselves or any of their subs might really help you get to those goals.

Stephanie: Okay. Thank you.

Andelyn Nesbitt Rodriguez: All right. Medora, do we have any callers in queue?

Medora: No callers right now but I can read another question if you'd like?

Les Warner: Sure.

Medora: This is from Chaz: Once a Section 3 worker or targeted Section 3 worker is certified for five years, is there any consideration for workers who may have qualified when initially hired within the last five years but have subsequently received raises and no longer qualify?

Les Warner: So Andelyn, you want to take the first whack at this one?

Andelyn Nesbitt Rodriguez: Sure, yeah. Once a worker qualifies, as long as they're employed with the same employer, they can be counted as a Section 3 or targeted Section 3 worker for five years, even if their income goes up, they can still be counted for five years.

At this time of course, we have the look back period as only to November 30th, so we don't have five years to look back. But even if someone's wages go up as long as they were qualified and they work for the same employer, they're still qualified for five years. Les.

Les Warner: Yeah, I mean that's exactly and I think this is a good example. So when we were talking to, I think it was Stephanie a minute ago, you know in looking at the existing workforce for a contractor, for instance, I think we would look at, okay, what's with the current salary that folks are being paid, how many qualify based on that but then that sort of second question would be, when were they hired? Is it within this look back period and might they have qualified based on when they were hired?

So you know maybe we bring someone in as an apprentice, they're at a lower salary, even though they now are at a much higher salary, would no longer qualify based on today's salary. We could be identifying that there are a number of workers in that workforce that, based on their salary when they were hired, would qualify.

So I think trying to explain to an employer as we're trying to identify what workers would qualify, you kind of will have to have that two-tiered approach. Looking at, let's say, a certified payroll that might be submitted, let's assume this project also is triggering Davis-Bacon, it's not going to be obvious those workers that actually qualify based on this look back period.

So those are some questions, they're going to be important to not only ask but probably explain enough context so that the company understands what they're looking for in trying to determine who could they actually count on this because we obviously don't want to miss folks that their hours could be counted.

And I thought it was great and I think Stephanie mentioned this but it might have been Andelyn, the fact that that can include the funding agency staff that is being charged off to this project. So it's not always just the contractor or subcontractor's staff but it might also include the grantee, the subrecipient's staff if they are being charged off as part of a project cost for that and they qualify as a Section 3 or targeted Section 3 worker.

All right. Any other questions in the -- anybody want to be unmuted or an answer [sic] that we can read out?

Janine Cuneo: I'm actually, Les, going to jump in here if you don't mind.

Les Warner: Sure.

Janine Cuneo: We had a question from a PHA that I'm able to answer but I think it's best actually shown as well so if you guys don't mind. It's the PHA that is wondering a little bit about the report, the timeline of the reporting requirements. And, so hoping if we can have Andelyn go to day three slides, you can slide 50. No, I think it's maybe earlier than that, maybe like 31; 31, 32.

And so the question coming in is, do they have to start reporting January 1? And so I was able to show them and tell them -- so if you can go back. Right here is perfect. Thank you. Make sure people understand that the PHA's requirement to report their activities for PJ's is it starts 60 days after the end of their first fiscal year that begins after July 1st.

Can you describe maybe if someone's fiscal year ends September 30 of '21, when will be their first time they're reporting? If we can walk through a couple examples, that might help people understand this reporting requirement.

Les Warner: Sure. So this chart, I think, is the most helpful visual reminder on this. So as Janine mentioned, the triggering for -- I like to use that word trigger apparently I'm realizing -- so the start the start of the reporting on this it starts with the first fiscal year that begins on of after July 1st of 2021.

But the reporting is actually done at the completion of that year. So if we had somebody whose fiscal year began on July 1st, 2021, that means the end of that fiscal year is going to be 6/30 of '22, which is this first line of our chart, and then they've got 60 days to report.

But this is driven by when does your fiscal year actually begin. So if we look at this chart, so if we have someone who their fiscal year starts on October 1st for '21, that's our first fiscal year that's starting after this July 1st, 2021 date, then the reporting for that isn't going to be until you've completed that fiscal year, which is September of '22, end of September. And then again, you've got a 60-day window on that.

So when your reporting begins is going to base on when does your fiscal year began and then looking for that first fiscal year that begins on or after July 1st of '21 to determine when that reporting will begin. So everybody's going to have until, under this scenario, until at least the end of June of '22 but folks may be as late as into '23 by the time that they would actually start reporting on this.

Janine Cuneo: Thank you so much.

Andelyn Nesbitt Rodriguez: All right. Do we have any callers in the queue?

Medora: No callers right now but I can read a couple more if you'd like. This seems to be more of a confirmation but is it correct that regarding CDBG projects for housing rehab, each house is considered separately and each house would have to be over the $200,000 limit?

Les Warner: That's correct. And so that's probably very good news for folks as they're thinking about gosh -- I think a lot of folks would look at that and say, well my entire CDBG homeowner rehab program isn't going to trigger Section 3 because each of these are individual projects. Probably a lot of you have program limits that have been set to be under that.

Now, I will just point out that, I know that there is some grantees that will have maybe a maximum on homeowner rehab but they also sometimes do reconstruction, where you're going to knock that unit down and replace it. And in some cases, those programs will say, well, for reconstruction, my program limit is going to be higher, so you might have to be careful on saying, okay, well rehab is never going over the 200,000 but I could have some reconstructions if my program allowed it that are going to be higher.

Medora, was there another one?

Medora: Yep. We have a few more. The next one is from Laura. Is spears [ph] still used to report Section 3 activities?

Les Warner: So let's go to -- let's see. These are our transition and legacy [inaudible] --

Andelyn Nesbitt Rodriguez: I think it's day three.

Les Warner: -- folks. That's right before this probably. Let's see. Here we go. Okay. So I mean this is kind of an important thing to think about, so we have projects that were funded and what we're calling legacy projects that were -- the funds were committed or contracts were executed prior to November 30th, 2020.

So they fall under the old system and so, you're following part 135. You're going to keep records and in the past you would have been reporting into the spears system. You will not be reporting, you'll simply be maintaining those records to be able to document your compliance. So those are our legacy projects so those commitments, contracts executed prior to the effective date for the new rule.

For our transition projects, they are triggering part 75. There I go with my trigger again. And so we're going to be following the new rule, we're going to be maintaining the records but again not reporting into the spears system. And then for our projects that are after our July 1st period and also following what the program specific notice requirements are for you, we're now going to be reporting into the same system that we used to report everything else for our program.

So CDBG and home are going to be using IDIS and you're going to be reporting based on the frequency that is required on that.

The spears system itself is going away for reporting on Section 3 and for those of you that are using PHA funds, you're going to be using a new portal that's being developed for that. So it'll either be for PHA folks using this new portal or you'll be using the system that your program already uses, such as IDIS, DRGR, the lead grants management system as part of that.

Medora, anything else?

Medora: Yep. We have another one. This is from Kayla. How does it apply with the ross program? We might need some additional clarification. When is the tracking software going to be up and running?

Les Warner: Okay. So I'm going to assume that the ross program is a public housing assistance program. And maybe we --

Janine Cuneo: That's correct, Les.

Les Warner: Okay, perfect. So what I know is that we have been told that by the time that you would be required to report, and so we just looked at that, you know the earliest timeline would be for that first fiscal year began on of after July 1st of 2021. So the earliest you would be reporting would be at the end of June of 2022.

So we're told that that system will be in place and ready for you to be able to make that reporting. I don't know. I would assume it will be up and tested prior to that but we've been assured that it will be in place and ready for you by the time that you need to report on that.

And so for those earlier projects, you are not reporting in spears. You're simply maintaining those records to be able to document compliance for this as we're kind of switching into the new regulations and into the new reporting process.

Medora: All right. We have one final question from the chat box for now. For a CDBG accomplishments will be done at close out, is that correct?

Les Warner: So and Andelyn do you want to take first hit on this one?

Andelyn Nesbitt Rodriguez: No, why don't you.

Les Warner: All right. So we had been saying that reporting would not be until completion but we are now having notices that are being issued by program offices. So I mentioned earlier that OBGA -- oh, great and perfect the slide for us. You'll see on the bottom left of this, OBGA, the Office of Block Grant Assistance, issued a notice on 21-09 which lays out their reporting requirement. So they are going to be requiring reporting into the system after July 1st, 2021.

Now I believe, and I have to say I'm not completely up to speed on the details of that, but I believe that that's going to be based on your annual reporting requirements and that they will be cumulative. So by the time you get to close out, that you would have a total number.

And we sort of do that with CDBG already in reporting number of jobs that were created or number of households that were assisted and so they are wanting to begin to collect that information consistent with how they are collecting other outcomes and demographics for the program. And so I would refer you to the OBGA notice if you hadn't seen that.

Janine Cuneo: I'm going to jump in here. I have a question that I think it'd be unpacked a few different ways. And so it might be best that we answer verbally because of that. The person's asking, would a city need to report salaries of their employees working on a project? So I'm assuming when they say city, we're not talking about public housing funds, we're talking about housing community development. But I think it might be worth while to unpack both sides of that. So I'm happy to jump in or --

Les Warner: So --

Janine Cuneo: -- feel free, too, Les, just let me know what you need here.

Les Warner: Well, I'll start and then you can take over. So the key here is how those salaries are being paid. And I'll use for example the home program and let's say you are operating -- I don't know, let's say we have a CHDO project that where we are acquiring, rehabbing and reselling units.

If you are charging off your staff towards some of the project delivery costs on that. So for instance if your inspector is going to go out inspect units, maybe they're going to be doing some of the write-up on what the scope of work that's needed to bring that unit up to standards. They're doing inspections each time there's a draw and those labor hours are being charged off to that project itself as opposed to coming out of your admin.

Then those are labor hours that are part of that project and we would want to then determine does this worker qualify as a Section 3 or targeted worker. And so you know the same rules would apply in terms of the definition of the worker and so we might be looking at income.

Are they a hire from YouthBuild? They're not going to be qualifying as an employee of a Section 3 business concern, because obviously the city is not going to qualify. But, so, we would want to track, if we had qualifying workers, and then include that in those numbers.

Now, the alternative to charging off to the project delivery costs, might be that they are simply being charged off to admin, so those costs are not being charged to the project itself and so their labor hours would not be part of that calculation towards total labor hours for the project and whether we have qualifying hours there.

Janine, you want to add to that?

Janine Cuneo: That's exactly where I was going to go. If we could actually go to slide, I think it's 36 [inaudible] of this day. What he is describing is this universe of workers. And so I think it's something that is different than the previous sections we ruled, that's a little bit harder to grasp. And so where Les is going, he's talking about the total universe of workers for that project, that outside circle he's talking about there.

That may include, again as you see activity delivery costs of a worker on your salary like an inspector, it may include three contractors. You may have a different contractor for roofing and something else, I'm doing bad at construction terms today.

But I just want to make it clear, it's the total universe of worker, the total Section 3 workers and the total targeted Section 3 workers of all the workers of that project that you are certifying their labor hours for and then therefore determining if you met the 25/5 rule for the benchmark.

So I just want to make sure that you're understanding from start to end and saying that, the direct question was, do they need to report salaries of this employees working on a project. I want to go back into the certification requirements because salaries is not necessary in the way you might think about it from the terms of like income qualifications that happen.

There are different ways one could certify Section 3 and targeted Section 3 workers. And so one of those may be that they're self-certifying. And so I just want to make sure we're all remembering that you'll want to think about what the certification requirements are. I think, Andelyn, your point is up, which I appreciate, thank you so much. And so it could be the worker self-certifying their income as it relates to the income limits and where they live.

It could be that you as an employer are certifying that their worker income is at or below the income limits if you look at number four as one of the options. So I just want to make sure we're really clear here that it's not quote, unquote, reporting salaries into the system. You are certifying whom of the employees that are working out -- who are the workers that are working on this project are Section 3, targeted Section 3 or neither, they're just a worker.

And then you're certifying them to one of those terms: Section 3 worker, targeted Section 3 worker and then you're adding up their labor hours, that is what you are reporting on, is the labor hours. So just wanted to make sure also that nuance was added in there. Les.

Les Warner: And while we're on this slide, I think this kind of raises kind of a good issue and I've had this discussion with a number of folks. Because you have a number of options on how you would document and certify a Section 3 worker, I think one of the sort of policies and procedures or strategic decisions on this, is what methodology are you going to utilize?

So let's use the example of I have a contractor and they have 50 employees on this project. I could be going to each of the workers with the self-certification form and collecting those and that would be perfectly allowable. It might be easier for the employer to simply look at their payroll records and determine which of these employees actually are going to qualify.

And keep in mind, they can qualify as a Section 3 worker either on their current income or we have this ability to look back to the date they were hired, and we've talked about limitations of the effective date of November 30th, 2020. So right now we can't really go back five years on this but it might be easier in some of these cases for the employer to actually do that review and make the certification rather than going to each worker on that.

So I do think that's part of that discussion about what methodology are we going to use here. Also, you know obviously if the contractor themselves qualifies as a Section 3 business concern, that's sort of the magic bullet where it makes things really easy for us because we then can make the presumption that all the workers that are employed by this Section 3 business concern actually qualify.

And so I think most folks will want to think about what's the easiest, most efficient pathway on this. And I will just mention, you know we've had a number of discussions with folks about, well, a lot of our projects are already triggering Davis-Bacon. And, so with Davis-Bacon projects, we already have weekly certified payrolls that are being submitted.

Is there a way to simply add to that reporting and say, okay, so we've already identified which of the workers on these payroll qualify as targeted and Section 3 workers, simply report as a part of that submission add tracking of those workers' accumulative hours for each of those payrolls and be collecting that information in that way, utilizing a report that's already being submitted.

And I know I've had discussions with folks who have said, well, I'm not sure and they were talking about as a grantee, I'm not sure if we have the capacity to go through and calculate and track. That could be a responsibility that is something that the contractor is asked to report as part of a standard reporting process or maybe some of this is done internally.

So part of that planning in your Section 3 plan is thinking about how do we collect this, who's going to do it. At what point is that information available? What's the easiest way for us to be able to do that.

Andelyn, you want to add anything to that?

Andelyn Nesbitt Rodriguez: No. I think you made a really good point about the Section 3 plan and laying out roles and responsibilities upfront. I just want to add, though no one asked, but we got this question a couple of times in the first session.

If the contractor's responsibility or the developer's responsibility, where would the consequences fall, for lack of a better word. And just to make it clear that Section 3 requirements, like other federal requirements are always the responsibility of the participating jurisdiction or the grantee. So you have to stay on that and, yeah, but it ultimately it would still come back to you.

Les Warner: Which is why you should be really motivated to make sure all your written agreements and your contracts have good language in them about what those roles and responsibilities are those partners. And that you're kind of keeping an eye that they understand what they need to do and they're actually doing it.

Because you are ultimately responsible, you obviously don't want to bear the impact of that. And so you want to make sure everybody understands and is doing their part on that.

Andelyn Nesbitt Rodriguez: I might even suggest having contractors, developers initial or signature --

Les Warner: Yeah.

Andelyn Nesbitt Rodriguez: -- sign the page naming [ph] that they've really reviewed those thoroughly because we all know sometimes we give information and it's not reviewed thoroughly and this really needs to be.

Les Warner: And the one thing I'll just mention here on this, I think part of the art, rather than maybe science on this and figuring out what are you going to do versus what contractors are going to do, is every time we add a new or a changed requirement, there tends to be this sort of a little bit of over reaction of, oh, you've added one more thing to this. And want to make sure that we don't scare off any contractors that are participating in our program.

You know in a lot of cases you're really working to try to keep and a competitive environment. We want as many bidders as possible on this. So everything that we can do to not only make sure folks understand this and are not sort of overwhelmed or getting like the rumor mill version of this horrible change, will help to keep that competitive environment, having those partners not stressed out, not wanting to say, I'm going to go do work that doesn't have all these federal requirements that are part of that. And you know depending on your market environment, the type of project that may be more or less of a concern but I think it's something to consider.

Janine Cuneo: If you guys don't mind, I'm going to jump in here. We've gotten shades of some questions similar and I've been able to answer in the Q&A but I think it's worth speaking to those if you guys don't mind. And then if you can take me to slide 27 of day three. And we've gotten some questions in there about the reporting requirements.

And, so I think it might behoove us to just stop for a moment and just kind of back up if no one minds here. And so you guys, I think the first thing we need to recognize in the new sections re requirements is that one of the intent of these new rule is to streamline your business practices. And one way of doing that is actually aligning the reporting requirements with your other reporting that you do for a given project.

And so in doing that, for example, if you're doing a home project, you enter pretty much everything else to HUD around that project in IDIS and via the CAPER. And that is now the same for Section 3, you're utilizing IDIS. So here's a good quick guide around the reporting systems and the program areas that are now applicable.

So I just want to kind of make sure people are understanding that and to go back the last line item on this is where Les has talked about in this conversation that there is a newly developed Section 3 reporting portal that is coming out and will be ready according to our conversations with HUD by the time the first PHA has to report into that. So stay tuned for news on that, but there is no longer a SPEARS. That has been officially deactivated and these are the reporting systems that you will be reporting into.

The other thing I want to talk about is the next slide, Andelyn, if you don't mind. Is most of the reporting that we've seen that I've been able to look at from the systems is basically the same data is being collected. And what I mean by that, is the data fields we're seeing are the labor hours that you're going to be reporting on. Your total, your Section 3 workers and your targeted Section 3 worker.

You're going to be reporting on what many, I'm seeing, are called the nature of recipient's efforts or the nature of agency efforts. Those are your qualitative data. Again, you're going to be required to report on those if you didn't meet your benchmarks to run your labor hours. And then some of them were seen as some type of a compliance summary or something you're going to have to look at to say, yes, I do certify to this information.

So we're basically seeing the same data collected. It just looks different. It might have some different flavors of when you do it, how you do it, etcetera, that we have found for example the CPD notices are really good about laying that out for you. So I just want to make sure people are understanding that.

I think one of the last thing I also want to point out, if you go all the way down to slide 44 for me. There's a couple things we want to make sure you're thinking about, just the general considerations when reporting.

And so one is this thing called the employer's good faith assessment. I know some folks in previous sessions have asked us and are concerned that we sometimes work with really small mom and pop contractor offices that don't have maybe a third-party time and attendance system. And that's okay. Section 3 does not require a third-party time and attendance system to do the calculations of the labor hours. They can do it through other means, sale documents, etcetera.

If they do get such a system, then they do need to utilize it but it is not a requirement of the program if someone doesn't have it to start. So I just want to honor that. The other things I want to make sure we're all understanding is the total number of labor hours for the PHA. You have to report on that and you have to gather that information every fiscal year.

So just want to really make sure people are understanding that you'll get your fiscal year labor hours and you're looking at meeting your benchmarks every fiscal year per project. For each CD, it's per project, not fiscal year. So you may have a project that lasts three years and that means you're setting it up at the beginning in the reporting system of record, let's IDIS.

You're setting that up at the beginning and your acknowledging if it meets the threshold, if it's part of the covered program. If it's the [inaudible] housing rehab construction or public construction, you are ensuring that you're clicking a box that says a Section 3 is triggered but you wouldn't have to report on that project until the end of the project unless any of the notices come out and say differently. So I want to make that clear.

Public housing authorities you're reporting and gathering information on the fiscal year. HCD is per project which means it can span a couple of years or it could only be two months and then you're reporting within that two months. So I want to make that really clear to folks. I also want to say when I say gathering information at the fiscal year as a project, you know at the end, you may choose and I might say I recommend you think about not waiting until the end of the project or not waiting until the end of the fiscal year.

I think as we all know, when sometimes the project closes out, you're trying to get a hold of your contractors again is pulling teeth and probably is going to be impossible. So how can you hook them into encouraging, persuading requiring them to submit to you this information. And we've gotten people ask, should we do that quarterly, should I do that monthly, should I do it bi-weekly.

Section 3 requirements do not define that. They want you to define that for you. I obviously always say, how do you get contractors' attention, money. And so you might want to consider it based on maybe paying people out, you got to see their labor hours for example.

So that's just a recommendation to think about. Les, you might have some other tips there but I wanted to make sure we stopped and talk about these reportings and getting some questions that look similar but I want to make sure we really pound those in.

Les Warner: No, I think those are all really good points and particularly as we have a new rule, we're asking for some different things. We're probably going to have to have more interaction and more sort of just checking in to make sure that everybody is onboard with what the new requirements are.

Whether that means more frequent reporting or just some kind of follow-up and not waiting until the end when you then have a partner saying, well what do you mean, I have to -- I thought I was only reporting on new hires. What do you mean you're asking about total labor hours.

We have had a couple of folks say, and one of our suggestions in the training series was as part of the bid submission asking contractors to provide an estimate of total labor hours, providing information about their workforce. And who they expected, maybe also as bus on that to have a projection of their ability to help you meet the benchmarks for Section 3.

And we had some folks that said, well, you know our contractor's saying, well they don't really track number of labor hours, that they're kind of used to, well, that looks like a $30,000 job sort of thing without thinking about hours.

So they may simply need to back into things and thinking about, okay, so if that's a two-man crew and they're going to work for three days, you could do the math hopefully to get that estimate of the number of labor hours that would be involved. So I think having those conversations and helping people kind of walk through that would be important on that.

In some of our other programs we do things where we will have a schedule of the trades and so we'll have, I don't know, the foundation folks working for a period of time and then they will be followed by framing crews, plumbing, electric, whatever. And so as part of that you might also be thinking about as I'm going to look at tracking, the Section 3 information, maybe as those trades are coming through that I'm also asking for that information.

That's sort of also how we tend to time our Davis-Bacon site visits trying to make sure that we capture each of those groups of trades as they are coming in and out of that project site. So that might be part of a strategy.

Andelyn Nesbitt Rodriguez: Let me just mention and this comment is a little bit tan gentle to what we're talking about but it hasn't come up yet in this training and I know we went through it in our three-day course. For those who maybe missed that or we're very much used to collecting household data.

For this, just to remind everybody that to qualify people as Section 3 workers or targeted Section 3 workers, you're looking at individual income data. So that's just a nuance. If anyone had missed the training or didn't know, this is not household data that we're talking about, this is just individual income that's going to be used to qualify people as Section 3 or targeted Section 3 workers.

Les Warner: Which really helps streamline things because it then means the employer can certify to that income without having to know about the rest of the family or household which they would not have. So by making this an individual requirement versus what we're used to with families and households, it really does give you the potential to do this much more efficiently.

Andelyn Nesbitt Rodriguez: Another kind of question I'm getting in shades of it, is a bit around kind of what happens if the project funding changes over the life cycle of a project. And so I thought it might be worthwhile for us to unpack a little bit because there are some nuances into that to consider. Shall I start, Les, and then pass it off --

Les Warner: Sure.

Andelyn Nesbitt Rodriguez: -- to you. So I think I always go back to what is the intent of Section 3. And so the intent of Section 3 is not to figure how we get around Section 3. So the intent is to comply with that requirement. And so there is oftentimes that many of you are engaging in a housing construction, for example that is in phase. And so you need to think about the total dollar amount that's going to go in.

Maybe it's a two-phase project and the first phase is 150- and the next phase is 280-. It's the total in that would then now make that project hit the threshold. So I just want to be really careful here. You don't break something up into basis to avoid rules and regulations, it's you got to look at the total funding of that project, especially when you have many projects that are in phasing and we know you might with housing.

So as was public construction to be honest. So I just wanted to kind of make sure people are thinking about, look at the total funding over the phasing, if that total funding does it hit the threshold.

The second thing I also want to consider here is there are times, as well, in the kind of projects that we're talking about here, that may have something that's unforeseen. So you may have had a project that you put 180K of CDBG dollars in for example and that was it. You guys did a very good job at the bidding and the scoping and all that and lo and behold there was asbestos and termites and things you just did not account for and it went above and beyond any of your contingency that you had in the budget, etcetera.

So now you put in an additional 40K. So now it's a CDBG dollars of 240,000 into the project. And so what we're understanding right now in conversations with HUD is that when it truly is a change order that could not be foreseen and if it didn't trigger Section 3 at the start of the project, and it goes over that threshold amount, it's okay, you still would not trigger a Section 3.

But it really goes back to the intent here. We are talking about it could not be something where you're like, well, there are probably going to be a change order, you don't include that into the conversation at the beginning. So I just want to make that really clear.

Something else that you always want to make careful of, and this happens a lot, we've seen the lead program through monitoring is that there's a history of many change orders that happens maybe within a community. And so you might have a HUD person out there monitoring a project or a program of yours and they're seeing everyone of these have change orders.

So maybe at the beginning Section 3 wasn't triggered but each of them by the end of the project is going over the threshold, again for HCD funding and therefore there's a history now or a pattern of a lot of change orders. And so I want to say that to you too, you want to think about what's happening in your program such that if you're not adequately ensuring that the scope is fully flushed out, and you have a program that over the years have many change orders, HUD might say to you, this is not okay anymore, you're not meeting the intent of Section 3.

And so you need to go back and really analyze your scoping during the bidding process to ensure that people are fully understanding the full scope of the projects so that you're able to accurately predict the dollar amount you're putting into the project in order to determine if Section 3 is triggered.

Les, anything on that?

Les Warner: Yeah, I just was a little concerned when we talked about phasing that people -- we have to stay with what's the definition of a project. And so we may have projects where we have multiple financial commitments. So you know same project, owner, manager, but we have funded it in phases and so those are two separate projects.

And where we see that happen a lot would be particularly for -- I'll use the home program, for instance that you have timelines that you have to complete projects and for home buyer it means not only completing the structure but transferring it, selling it, transferring it to that home buyer. For rental we have to complete it and have a renter.

And so we oftentimes will, based on a market study, say right now we think that a good size for this project will be to maybe build 30 units only, even though we have a site that has room for 90 events, but we're going to build and size this project for what the market can absorb. So those are -- and then we'll come back in at a point for additional financing.

So those are very clearly separate projects and so they would be each one evaluated on whether they've triggered Section 3 or not based on that threshold evaluation. I think where we have particularly issues where your intent is to actually do a larger project but you're going to fund it at one level and then add to it later, with this intention of trying to avoid Section 3 but really the project you envision as a phase was this sort of larger project.

So I just want to make sure people don't kind of forget the project definition and think that if they have these multiple commitments of funds over time to build out these separate phases that suddenly they need to take all of those and put them together on evaluating whether it's triggering Section 3.

Andelyn Nesbitt Rodriguez: Okay. I have a question that came in and I apologize. This is from Rebecca Chavez. I thought this went to the group but I think maybe it just came to me.

So can you clarify the Section 3 and targeted Section 3 five-year income and employment date. At this point we can only go back to November 30th, 2020. Each year going forward we can only go back to this date. Seems like this would skew the numbers. Can you explain why we only go back to November 30th, 2020?

Les Warner: Well, it's really that we can't allow folks to go back to prior when this regulation was put in place. And so the effective date of November 30th, 2020 is the earliest that we can look back to. Now, and I won't try to do math in my head, but when we get five years from that effective date, then we'll have this standard five-year look back period, which will really simplify things. But there really isn't the authority under the regulation itself to count something prior to when that regulation was enforced.

Andelyn Nesbitt Rodriguez: All right. Do we have any questions in the queue?

Medora: We have a few other questions that did come into the chat box. This is from Denise. Could you please repeat reporting for HCD, if not at the end of the project which is entered into IDIS?

Les Warner: So what we said on this was that we're having to follow programmatic requirements and so we are starting to now have notices that have been issued and the exception to the end of the project really is where OBGA for CDBG and DR funds have provided some additional clarification.

So the Section 3 requirements for HCD would say essentially at the completion of the project but we will have to defer to the specific program requirements that have been put in place. And so looking to those notices.

Janine or Andelyn, anything you want to add on that one?

Janine Cuneo: One thing I was going to add, so, for specific items around that then for the CBD 21-09, which is the notice regarding CDBG funds including like DR or MIT, also some NSP 108 funds, it speaks to specifically some of the reporting requirements.

And so it does talk about kind of on or after the November 30th through July 1st, so during that transition period -- it is the next slide I believe -- the grantees must retain documentation demonstrating their compliance and then grantees will report in either IDIS or DRGR for open activities starting July 1st.

And so just want to remind you that if the IDIS or DRGR activities in a prior to the system update, then you're going to need to go back and modify IDIS or DRGR activity to generate the appropriate Section 3 compliance screen. So for IDIS and DRGR are both what I've noticed is that you're not going to be able to report on the project when the project closes out if you have not appropriately set up the screens accurately.

And so it's saying very clearly in the notice for CDBG that you need to go back and modify your IDIS or DRGR activity screens to make sure for those that are triggering Section 3 final rule, again, so they're part of the transition period or after, that you make sure that your IDIS or DRGR activity screens do check that basically there's a checkmark where you say Section 3 is triggered. So I want to make sure people do that and go back.

Les Warner: And I think in our resource list, I think there's a video and some guidance that's listed there folks may want to refer along with the notice.

Andelyn Nesbitt Rodriguez: And that's --

Janine Cuneo: Yeah, I don't think I've seen a DRDG video yet but I've definitely seen IDIS has a short video maybe --

Les Warner: Yeah.

Janine Cuneo: -- eight minutes long or something like that. So you can always Google IDIS and Section 3 and you'll get to HUD, not the HUD Exchange but HUD channel has a YouTube page and that's where that is.

Les Warner: So it looks like we are at the top of the hour. So I want to thank everyone for participating. Hopefully this has been helpful for you. And again, I would reference the resource list that we provided and encourage to work with your local field office as needed and they, of course, have access to headquarters to help them solve questions that they don't yet have an answer for.

Thanks everybody for participating. Thanks to my brilliant panelists and Medora who was helping run things. And so I'm glad you could join us. Take care.

Andelyn Nesbitt Rodriguez: Thank you guys.

(END)