

2021 Section 3 Final Rule Training Series

Session 4 Office Hours

Kris Richmond: Thank you so much for joining us today for our session of the Section 3 office hours. So these office hours are really meant to enhance the three-day training sessions that we offered in 2021. We did about 25 different deliveries. So you'll see some of us today that might have been one of your trainers during those times.

And there were a lot of requests for additional questions, and so, HUD is providing several different opportunities for you to engage with the Section 3 subject matters expertise via these office hours. And we've had a couple already, and so we're happy to be here today.

If for some reason you did not attend one of the initial 2021 training sessions, we want to encourage you to engage in the course material. It is going to be uploaded soon to the HUD Exchange, and you want to watch for the listserv messages about when that's going to be available.

We don't have a set agenda today for the session. We really just want to hear from you. So ask your questions either verbally or in writing. Remember, you can use the Q&A box to write in your questions, or you can go into that chat box and say, I have a question I want to ask verbally and Medora will go ahead and unmute you and we'll do our best to answer those questions.

So before we dive in, I do want to allow my co-trainers who are with me today to introduce themselves and to say hello. So Andelyn, do you want to go first and say hi to everybody, introduce yourself.

Andelyn Nesbitt-Rodriguez: All right. Thank you, Kris. My name is Andelyn Nesbitt-Rodriguez. I'm from Columbia, South Carolina. I've been in the community development industry for about 15 years, worked with CDBG, HOME, and specialized in environmental reviews and fair housing.

Kris Richmond: Great. Thanks, Andelyn. Glad you're here with me today. And, Carrie, you want to go ahead and say hello?

Carrie Kronberg: Good morning. I'm on the West Coast. So I'll say that. I'm Carrie Kronberg with ICF. Did some of these -- several of these Section 3 trainings last year and also have worked in the housing community development field for a number of years, both at the state level and at the county level.

Kris Richmond: Great. Thanks, Carrie. And I'm Kris Richmond. I've been with ICF for a very long time. Before that, I worked in local government in northern Illinois. I'm located in Fairfax, so Virginia. It's a suburb of Washington, D.C., and it's supposed to get a little warmer this week. So I'm excited about that. We had a little bit of a cold freeze, but it's supposed to get into the 50s. So that'll be nice for us this week.

I work a lot with other federal requirements, a lot with the lead safe housing rule, relocation issues, and I'm a HOME expert. So glad everybody's here today.

So Medora, do we have anybody lined up that's ready to ask a question to get started?

Medora Benson: Not yet in the chat box, but I will keep you updated.

Andelyn Nesbitt-Rodriguez: Okay. All right. Looks like we have a number of questions already in the Q&A box. So maybe we'll --

Kris Richmond: Okay. You want to ask some of those, Andelyn?

Andelyn Nesbitt-Rodriguez: -- handle one there. Yeah.

The first question that came in, "I just want to get some clarification for the business concern certifications. I'm seeing that they must be recertified every six months, but I thought that I read that the certifications for business concerns were good for five years. I just want to make sure I'm clear on this regulation."

Kris Richmond: Okay. So my understanding is that the business certifications do need to be recertified every six months. The five years is for the workers, and that five-year date is a little tricky right now. I mean, we can't go back a five -- a full five years because we can only go back to when the rule was enacted and my little sticky note -- let me see if I can pull my little sticky note here. November 30th, 2020 is the date that we can go back to right now. In 2025, we'll be able to go back five years, but we can't go back a full five years for the workers yet.

Andelyn, anything you want to add to that?

Andelyn Nesbitt-Rodriguez: No. That's it. I was trying to get to the correct slide. It should be probably on the worker certification, but you're absolutely right. This is concerning --

Kris Richmond: Yeah. Which day is that because I can pull that up for us?

Andelyn Nesbitt-Rodriguez: It is day one.

Kris Richmond: Okay.

Andelyn Nesbitt-Rodriguez: It's day one, probably slide 30. It's around in here, 31. But no. You're absolutely correct. Section 3 business concerns have to be recertified. The five years is for Section 3 workers. And I'm glad that you went ahead and explained that we can only go back now to November of 2020, but as time goes on, we'll be able to go back the full five years.

Kris Richmond: Okay.

Andelyn Nesbitt-Rodriguez: That was a good question.

Kris Richmond: Anybody in the chat yet, or should we keep going through the regular Q&As, Medora?

Medora Benson: We do you have two questions in the chat. I can read them out loud, if that's helpful.

Kris Richmond: The person didn't want to ask? They didn't want to get off of mute?

Medora Benson: But let's see. I will -- the first is from Gary. Gary, let's see if you would like to come off mute. Just as a reminder to everyone, if you do have content questions, you can either say them verbally or enter them into the Q&A. Gary, I'm going to unmute you now. Gary, you've been unmuted, if you would like to ask your question out loud.

Gary Greer: Yes. Well, I have a follow-up question to the last question, and I put two others in the Q&A queue. But specifically about the six-month certification, let's say we have a project that's expended -- expected to last 18 months and the business is working throughout that project. They come in, and they get certified in the third month. Does that mean that we're going back to the business during the life of this project -- on this specific project and recertify them again after six months? Or does that only apply if the business is now looking to certify six months later on a different project?

Kris Richmond: Good question.

Gary Greer: I think it would be -- it seems to me like if we certify them in the first six months, and they're -- then they should be certified for the entirety of the project.

Kris Richmond: I -- I'd have to look up in the regs to do that. We can look offline to see if there's any that specifically says that. I do know that the certification is a self-certification. So it's not that time consuming or burdensome for you to have them self-certify again that they are a Section 3 business concern.

Carrie, do you have anything -- I see you coming on -- that can support that?

Gary Greer: Yeah. I would -- I know I would get a lot of push-back from the actual contractors because they're estimating the past three months of their entire business, all their labor hours. And so, if they go through that process, which is already pretty cumbersome for some of the businesses that have 100 employees or more than that, then to have to redo that process for the previous three months six months down the line, it just seems like that would be very burdensome.

Kris Richmond: Yeah. Go ahead, Carrie.

Carrie Kronberg: I'll just -- I was looking in the rule and word searching, and it doesn't specifically say must recertify during the term of the project. So that might be something for a HUD FAQ. We could ask them to clarify, but it does say the definition of a Section 3 business concern is someone who has certified within the past six months that this is the case. So I would conservatively interpret that, in the absence of HUD guidance saying otherwise, that you do need to recertify them every six months.

And I mean, it kind of makes sense; right? You don't want to certify them and then have them not be a Section 3 business concern, yet all of their workers on the project are getting credit towards towards the benchmarks.

Gary Greer: So is this a question that needs to be resolved through -- because I have several pending questions to Section 3 at HUD.gov? Would this --

Kris Richmond: Yeah. We can definitely --

Gary Greer: Would I need to generate another question, or would this be something the panelists can follow up and give us a response?

Kris Richmond: Yeah. We can follow up on that, and then we can send something out. We had to do that with our last training. We had a couple questions that we just weren't sure of or needed further clarification on, and then we were able to send those answers out to the attendees. So we can send -- we can follow up to confirm that. But Carrie's thought process is right.

The way that you look at regulations, in the absence of it saying otherwise, you should assume that it would need to be recertified. But we'll get clarification from HUD to ensure that because that is being -- that is taking a more conservative way to do that.

Do you have other questions, Gary? I know you said you put some in the Q&As.

Gary Greer: I do. And I just -- just reiterating on this one question.

Kris Richmond: Sure.

Gary Greer: It is quite cumbersome to do it, and folks don't feel like they get a real boost or benefit. But of course, it benefits the project greatly. And so, to do it repetitively, sometimes maybe twice or three times during the length of a long project, boy, that would raise a lot of concerns.

And it's -- right now, we're finding that there are precious few Section 3 businesses under the new rule. And hopefully, that'll grow over time as people become more proficient with it, but that's just my input on that.

Kris Richmond: Okay. And are you aware, Gary, that there's not -- we want our best efforts to be able to award contracts to Section 3 businesses, but it's not required. There's no longer any percentages that you have to award contracts to Section 3 business concerns.

Gary Greer: I realize that. Yeah. I do know that.

Kris Richmond: Okay.

Gary Greer: Thank you so much.

Kris Richmond: Sure.

Gary Greer: The effect of the Section 3 business's concern is then we get to count the labor hours for all their employees on the project as both Section 3 workers and Section 3 targeted workers. And we're finding that that might be the way to meet safe harbor for targeted workers, for instance.

Kris Richmond: Yeah.

Gary Greer: So that's my input on what we're seeing boots on the ground on that.

Kris Richmond: Okay. Yeah. That's really helpful for sharing that. Thank you. And I just -- I want to let folks know I brought up the screen here where Gary was saying, to be a Section 3 worker, remember it's someone who's a low income or they're employed by a Section 3 business concern. And this is what Gary was saying, how often do we have to recertify them? And then remember some of our Section 3 workers are also targeted Section 3 workers, and a targeted Section 3 worker is also someone who could be employed by a Section 3 business concern or, when we're in HCD, someone who's living in that service area or for public housing.

Where is my public housing slide? That's my public housing slide, but here we go. Again, employed by Section 3 business concern or is residing in the public housing units or receiving Section 8 or is a YouthBuild participant. Same for HCD. Could also be YouthBuild participant for targeted Section 3.

Gary, any other questions we can help you with today verbally?

Gary Greer: Yes. I have two that were in the Q&A.

Kris Richmond: Okay.

Gary Greer: The first one -- well, actually, the second one that I added to the Q&A speaks to the -- what was previously a threshold of \$100,000 for subcontractors on a particular project to be triggering Section 3. The way I've interpreted the rules that says you have -- you count the total labor hours and then the Section 3 worker hours or target workers against the total labor hours.

Kris Richmond: Okay. So let's break it apart a little bit. So the -- remember that -- is this HCD assistance, or is this public housing assistance?

Gary Greer: HCD.

Kris Richmond: Okay. So HCD assistance our trigger is \$200,000 of HCD assistance. Do you meet that threshold? Is more than \$200,000 of CDBG or HOME going into your project?

Gary Greer: Well, substantially, yes. A lot of the projects are over the \$200,000 threshold, but what my question is specifically about is, previously, if there was a subcontractor or any other

contractor that had an amount under \$100,000, then that was considered a threshold amount for a particular subcontractor.

Kris Richmond: So it applies -- the new rule applies to all of our subcontractors. So if you are triggering that more than \$200,000 for your project, then every subcontractor that's involved in that project, regardless how much money they're getting -- they could be getting \$10,000. They could be getting \$20,000 -- it's still subject to the new Section 3 rules.

Gary Greer: That was my understanding.

Kris Richmond: Okay.

Gary Greer: But I read a HUD response in the code, which I tried to post in the Q&A, that seemed to speak to the fact that there might be some discretion for jurisdictions like our jurisdiction to -- under the terminology of grace extent feasible, to have a threshold amount.

So what I'm getting at is we might have 30 contractors on a project, and 15 of them may be like de minimus -- under \$10,000 or under \$20,000 amount. And it just becomes very cumbersome and time for those folks. So reading that language that I have -- and I can pull it up here and send it. I think some of it posted in the Q&A, but if you allow me a second, I think I can speak to what -- where I was alluding to. Hold on just a moment.

Kris Richmond: Sure. So Andelyn, I haven't seen anything from HUD that has released communities from that. Have you?

Andelyn Nesbitt-Rodriguez: I haven't.

Gary Greer: Because I think other jurisdictions have interpreted and applied the \$100,000 threshold, but we're not.

Kris Richmond: Yeah.

Gary Greer: And we would consider doing it. We would be interested in doing it if that was the discretion that's allowed by this comment.

Kris Richmond: Yeah. And I have not seen anything that's come out from HUD that has said that. When we have been talking about contracts -- and I don't remember which slide that's on, and maybe, Andelyn, you can find it -- I know that the -- regardless of whether the language has gone into the contract or not, it's still subject to the Section 3 rules, if your project has triggered that.

Gary Greer: Okay. On the HUD CFR, the full CFR that was published, pages 68 through 72, there was a discussion about the threshold amount, just like we're discussing right now, and that the threshold amount was -- for any particular subcontract was not carried into the new final rule, which I understand, and I appreciate.

It -- HUD issued a response to comments saying, HUD is sensitive to the potential burden that Section 3 compliance may impose and has focus on outcomes, allowing the recipients to direct where the recipient's efforts and its contractors' and subcontractors' efforts will have maximum effect.

What I'd like to do is maybe cut and paste this in the chat box so you can review it and have some response.

Kris Richmond: Yeah. I mean, that's just some general discussion. So there are -- if you don't meet your threshold, there are other methods for you to still be in compliance with Section 3. So that's what it might be referring to. If you're unable to meet those thresholds, there's other qualitative efforts you can do. But as far as we're aware, they have not waived that requirement, that it still is required as long as your project is triggering it.

Gary Greer: May I send you the language on the actual HUD response?

Kris Richmond: Yeah. You can do that and we can follow up with HUD but we have not received any guidance from HUD that that's changed.

Gary Greer: Very helpful to check in on that. So --

Kris Richmond: Yeah. Of course.

Gary Greer: I'll send you what -- the specific language I'm talking about here in the chat box in just a moment.

Andelyn Nesbitt-Rodriguez: It's also -- it's always a good idea just to reach out to your local HUD field office too, if you have very specific questions or interpretation questions. Sounds like you put some in the -- you emailed and you're asking us and that's great things to do. But also, another resources to follow up with your local HUD field office.

Gary Greer: Okay. I did -- well, I did submit this one to HUD at Section3@hud.gov and then to -- and then I sent it to Nathan Roush. But I can also do our CPD or our monitor with our local office here in Houston. I'll follow up with that.

Kris Richmond: Okay. Yeah. And we can have our team follow up with HUD too and so we can make sure you get some direct answers on that.

Andelyn Nesbitt-Rodriguez: Definitely. There it goes.

Kris Richmond: Okay. Do we have any other area -- Gary, have any other questions that we might be able to answer?

Gary Greer: Yes. I have one more. Maybe it's a technical assistance. We -- when certifying Section 3 workers, we have a self-certification form for the workers. There was a template, of

course, in the toolkit from HUD. And right now, we're generally looking for the workers to certify whether they're a Section 3 worker or targeted worker, and such.

Is there a template or can you give us some guidelines to have the employer certify a worker as a Section 3 worker or targeted worker? Is it simply that they say yes, they're a Section 3 worker, or do they need to provide certain documentation? I believe the rule allows for an employer to certify that, but we're not entirely sure what the details need to be.

Kris Richmond: So let's -- this is HCD assistance; right? Confirm that.

Gary Greer: Yes.

Kris Richmond: And then are we looking at -- have you already figured out the Section 3 worker, how to do the records, or should we go over that in addition to the targeted Section 3?

Gary Greer: Well, we figured it out. We know what it is and we've seen the template from there but it might be useful to go over them again.

Kris Richmond: Okay. So we have -- I have on the screen here, if you went to the training, this is from day three and it's slide 17. And so, remember you can use the template that we gave you for worker certification. HUD does not dictate any type of template. So you're welcome to adopt that or create your own. Sounds like you've done a little bit of a hybrid of that, which is fantastic.

There is some guidance about what records need to be maintained. And so, this does say, one of the following. This is for Section 3 workers. So if you are qualifying a Section 3 worker as a low-income worker, so then that's -- that can be a self-certification. So the worker can self-certify that their income is below the income limit. So that could be a self-certification.

If they -- if you're working with public housing -- Gary is not, but if you and your community are working in public housing, you could get a worker self-certification that they are participating in a means tested program such as public housing or Section 8, because we know their income is being reviewed. If you, again, work in a public housing residence, you could get a certification from the PHA or the owner of the property of a manager that they are living in Section 8 housing or public housing. Or if they're receiving a voucher -based program, you could get that from the owner of the PHA or the owner of the property.

Down here, number four is an employer certification that the worker's income is below the income limit. So you could either do a self-certification that they're low income, or you could get an employer certification that the worker's income from that employer is below the income level -- the low-income level.

Or if they have -- if they're a business concern -- and we heard that Gary said there's not a lot of business concerns where they are, but they're trying to increase that. If your business that you're working with is a business concern, then the employer certification that the worker is employed by a Section 3 business concern. So that would be an employer certification.

So it depends on how you're trying to check that box that they're a Section 3 worker as to whether you would have a worker self-certification or have something from the PHA or something from an employer. So it just kind of depends on which box you're clicking on.

And then for our -- yeah. Go ahead.

Gary Greer: Can we talk about number four?

Kris Richmond: Sure.

Gary Greer: Okay. So that's the one that we would like to be able to create a employer certification.

Kris Richmond: Okay.

Gary Greer: What would that look like? Could it be a spreadsheet that is signed off by the employer with all their employees that are going to be working, performing labor hours on a project, and they just simply say, yes, they are a Section 3 worker or no based on what the amounts are and we have that on our spreadsheet?

Kris Richmond: Yeah. If your state and/or city allows that kind of information to be shared, then that would be perfectly fine. Sometimes there are state laws about what kind of information can be shared, but that's perfectly fine. But remember it needs to be checked that they're actually low income and we're checking that against where the worker lives.

So that might be a little challenging on a whole spreadsheet if their workers are coming from different jurisdictions. But if they're all coming from the same area and they all live in the same area, then that would be a little simpler to put it all in one spreadsheet. You just have to do what works best with the population and where folks are living, because that's what we're -- we're not checking against where the job is for their income limit. We're checking against the income limits for where they actually reside. Does that make sense?

Gary Greer: It does. And yeah. I appreciate that. Yes.

Kris Richmond: Sure.

Gary Greer: I think we can manage that.

Kris Richmond: Yeah. Yeah. That sounds like a great idea, but I would make sure you have the worker's name, their income limit, the income limit of where they're residing, and, yes, they're low income, and then have someone sign it off on the bottom. I think that would be great documentation.

Gary Greer: And we could potentially do it for multiple employees that are deployed on the job from the employer?

Kris Richmond: Yes. That's a great idea.

Gary Greer: Okay. On the -- if I may follow up on that -- well, I lost my train of thought. It'll come back to me shortly.

Kris Richmond: Okay. I'm sure --

Andelyn Nesbitt-Rodriguez: Yeah. [inaudible.]

Kris Richmond: -- [inaudible] have other -- go ahead.

Gary Greer: Yeah. I know what it was. We're constantly asked to coach people on what it means to be annualized. So if they have a worker who's currently earns \$21 and our income limit for our area and for the area where the employee lives is \$43,450, which -- or \$44,350, which currently is for the individual income, if they're 00 what they're doing is aggregating it through the year like a 20/80-hour full-time, if they're full time, annualized amount. That's what they're using as one of the requirements -- as a potential requirement annualized on a full-time basis under their current wage rate? Am I right on that?

Kris Richmond: Yeah. That's what number four says right here. You -- it was like you were reading it off the slide, Gary. Worker's wage rate would translate to if it's annualized on a full-time basis. Yeah. You got it.

Gary Greer: Yeah. Because it's -- yes. Okay. That's what we're doing --

Kris Richmond: That's great.

Gary Greer: -- when we -- when we're working with the employers is using the annualized, if it's current or at the previous year, if it was at the time they were hired up to the November 30th, 2020.

Kris Richmond: 30th. Yeah.

Gary Greer: Okay.

Kris Richmond: Which now is a little further away. It was -- wasn't so far away when we were training last summer, but now it's a little further.

Gary Greer: It's -- Kris, is there a way that we could develop our form for employer certification and kind of share that with ICF or with HUD and just get, yes, this looks like it would pass muster on a HUD review or do you have any --

Kris Richmond: Yeah. I would definitely -- I would send that to your HUD rep, and we're always looking for samples too. So feel free to send that over to us. We can get your email and contact you offline.

Gary Greer: All right. And then the only thing left I had was I will post the remaining question about the \$100,000 threshold, the comment that I saw from HUD --

Kris Richmond: Okay. Yeah.

Gary Greer: -- so that you have that ready available to you.

Kris Richmond: That's great. Thank you. And I appreciate people pushing trying to see what's possible. But we haven't heard that that changed, but we will triple check for you.

Gary Greer: All right. Thank you.

Kris Richmond: Sure.

Gary Greer: That's all I have for now. Appreciate it.

Kris Richmond: Okay. That was a great discussion. I'm sure we have some others in the chat box now that want to participate now that they know how fun it is since Gary got to go first. Medora, we have any others?

Medora Benson: Yeah. We have an Anne Toppin [ph], who will be unmuted now. All right, Anne. You have been unmuted.

Anne Toppin: Great. Thank you. Completely new to Section 3. So I mean, as of yesterday.

Kris Richmond: Okay. Welcome.

Anne Toppin: Apologies up front in regards to these really simple questions, I'm sure, and I promise you I will not be asking a lot of them. But first of all, what does it mean -- what is PHA and HCD? What does that mean?

Kris Richmond: So that's the kind of funding that you're receiving. So Public Housing Authority or Housing Community Development Assistance. Are you -- what kind of funding are you receiving?

Anne Toppin: I do not know off the top of my head. I don't know. I will find out. That's a big --

Kris Richmond: Yeah. Because this training is really meant for people who went to the three-day training course.

Anne Toppin: Okay. Okay.

Kris Richmond: Yeah. So I mean, we can answer a couple questions, but it's really focused on --

Anne Toppin: Yeah. I get it. Yeah.

Kris Richmond: -- going through the three-days of training.

Anne Toppin: No. No. No. Not a problem at all. Then let me ask you, how do I access the other training pods?

Kris Richmond: So they will be available on the HUD Exchange. They're not there yet, but they should be there soon. And I'm trying to find -- I know we have a resource slide. I'm trying to find it. Here we go.

So the way you registered for this was on the HUD Exchange. And if you can see on the slide here, we actually have a mini site or a website on the HUD Exchange for Section 3, and there's some really great information on there. That's where the trainings will be posted.

But if you're receiving HOME money or CDBG money, we have links to those notices that are up there. And there's a lot of really good information, just some general information about Section 3 and what that means.

Anne Toppin: Perfect. And again, do you know when those will be posted?

Kris Richmond: I -- I've been working with our HUD Exchange team and they have all the language and they have everything ready to go. I think we're just waiting on the transcripts.

Anne Toppin: Great.

Kris Richmond: So probably in a couple weeks they should be up because we can't -- we're not allowed to post anything without transcripts.

Anne Toppin: Sounds good. Thank you so much. Appreciate it.

Kris Richmond: Yeah. Of course. Thanks for coming today.

Medora, who do we have next?

Medora Benson: That is it for now for the chat. Right now, nobody else is in queue.

Kris Richmond: All right. Andelyn, other questions that came in that you think we could discuss?

Andelyn Nesbitt-Rodriguez: Yeah. There's one person that was asking about the mapping tool. Is it available yet?

And not that I know of. I don't believe that that's available yet. I'm not sure if you have been able to access -- one thing that I think is a really good substitute, it's the NEPA Assist website, the Environmental Protection Agency. So if you Google NEPA, N-E-P-A, and then separate word Assist, it'll come up with this website, and it allows you to input an address. Once you input the address, it'll zoom in on that address and you'll be able to put in a radius.

You'll want to go up to the top where it has data, click data, and choose demographic. It'll add a demographic layer, and it will give you the population for whatever radius around that property that you put in. So that's a really good tool in the meantime. I hope that it's helpful. But no. We don't have an update on the mapping tool as of now. Anything else?

Kris Richmond: No. That was great, Andelyn. Thanks. I'm glad you're the environmental expert because I didn't have my notes up in front of me to tell me steps to get to that. So that was perfect. So really good -- I did see somebody pop up in the chat that wanted to ask a question, though.

Andelyn Nesbitt-Rodriguez: Oh, great. Yes.

Medora Benson: Yeah. I am just about to unmute Louis or Louis. All right. You have been unmuted. Louis, you can go ahead. That's a Louis or Louis White. I'm sorry if I have mispronounced your name, but you've been unmuted.

Okay. We can circle back. Louis, I will message you in the chat. And the next one that we have in queue is Brian White. Brian, I am unmuting you now.

Brian White: Thank you very much. So I work with the Prince George's County Housing Authority, and we do receive HCD funding as well as PHA funding. So I was wondering, even though we didn't -- if I didn't participate in the three-day course, can I still access the Section 3 toolkit that I've heard referenced during this specific training?

And just one other question. Could we spend some time on the Section 3 targeted worker -- targeted worker versus the Section 3 worker?

Kris Richmond: Yes. So first off, good news. There is going to be more training for housing authorities. So that should be coming later this spring. There was not a lot of housing authorities that engaged in our 25 sessions that we did last year. So they are going to offer two more sessions for housing authorities in the spring. So watch for that. So you'll have an opportunity to attend that live. You'll still be remote, but you'll actually go into breakout sessions and get to chat with the trainers and HUD staff during that session.

The tools, they are also going to be put up on the HUD Exchange. I don't think they're live yet, but they should be live in the next week or so. And so, those are -- we have Section 3 worker forms. We have targeted Section 3 worker forms. We have business concern forms. We have Section 3 plans. Plans are no longer required, but we do have a sample plan in case you wanted to use that as a best practice. There's a comparison chart between the old rule and the new rule.

So lots of those tools also all accessible. If they're not up yet, they should be soon on the HUD Exchange. So we have that website there listed for you. It's hudexchange.info/section-3.

And then you wanted to talk about targeted and Section 3 workers. So let me -- that's on day one. And, Andelyn, are you comfortable talking about that? I can find the slide, if you want to share.

Andelyn Nesbitt-Rodriguez: Oh, yeah. I think that was the slide.

Kris Richmond: There's targeted. Do you want -- Brian, you said you wanted to talk about Section 3 workers and then targeted Section 3 workers and how they interconnect? Why don't we -- that might be helpful to you.

Brian White: Yes. And for what it's worth, I have went back and reviewed some material from previous trainings. I've been trying to navigate the HUD Exchange and then some other resources that I've been provided through my agency. So I've spent time reading through some of the legislation. So I think I have a good grasp of it. I have a strong background in compliance. It's just the difference or the nuances with the workers versus the targeted workers.

Andelyn Nesbitt-Rodriguez: There is a HUD --

Kris Richmond: Andelyn, you want to start with this and then we can move over to what a Section 3 worker and targeted Section 3 worker is?

Andelyn Nesbitt-Rodriguez: Sure. Let me just say -- and I'm not sure if I missed this, Kris, but there is a HUD e-guidebook that recently came out --

Kris Richmond: Oh, yes.

Andelyn Nesbitt-Rodriguez: -- within maybe the last month. So I can post that to the chat so that everyone can grab it. That's a really good resource there. So I just put it into the chat box.

Okay. So regarding Section 3 workers and targeted Section 3 workers, I'll do a very quick overview, and then you can ask any specific question. But this is a really good slide right here. It's a really good example, visual.

There are workers; right? So your whole universe of workers exists. Within that universe of workers. Some people would qualify as Section 3 workers, and then within those Section 3 workers, some of those are also going to qualify as targeted Section 3 workers. So targeted Section 3 workers also count as your Section 3 workers. Okay.

Let me go into -- oh, sorry. We're both pushing.

So a Section 3 worker is someone who is either a low or very low income worker, is employed by a Section 3 business concern, or someone who is a YouthBuild participant. Low or very low Section 3 worker, that I'm trying to pull up my notes. You're going to find those -- the difference there.

You're going to look for people who qualify according to the AMI for where they live. So it's not about where the project is or where the construction -- the company is. It's where that person lives, and it's just their income, so not household income. I know quite often we're used to

working with household income. This is just the income of the worker. So that's how you define a Section 3 worker.

And then within those Section 3 workers, some of those people are going to qualify as targeted Section 3 workers. They are either employed by a Section 3 business concern or they -- and here's where there's a little bit of a difference, if you're talking about housing community development funds versus when you're talking about public housing funds.

So if your project includes housing and community development funds only, then you're going to look for someone who lives within the service area of the project. They can also be a YouthBuild participant or employed by a Section 3 business concern.

If the project -- I wasn't going to go into that right this second.

Kris Richmond: Okay. We'll go back to public housing then Section 3.

Andelyn Nesbitt-Rodriguez: Yeah. If your project has only public housing funds or has public housing funds and housing and community development funds together and you choose to use this definition for housing community development funds, you're looking for somebody that was employed by a Section 3 business concern, a YouthBuild participant -- those things are the same -- but instead of living in a service area, for public housing funding, you're looking for someone who is a resident of public housing or Section 8 assisted housing, a resident of other public housing projects or Section 8 assist -- housing -- assisted housing managed by the PHA that's providing the assistance.

And then there's ways to certify those folks based on those criteria. So that's kind of an overview, a very quick, high-level overview. Did you have any questions within that that I can drill down on for you?

Brian White: No. That was great. And, I mean, I actually -- I've read through it as you just articulated, and it's just that I see the one nuance or the couple of nuances between the public housing and the housing community development files.

Andelyn Nesbitt-Rodriguez: Right. This is a really good side-by-side here, if you can see the screen. There are some things that are the same. Yeah. Go ahead.

Brian White: So and I also saw that, when you're looking at the service area in reference to a targeted worker, if you don't have that population within the -- I think it's that median --

Andelyn Nesbitt-Rodriguez: The mile.

Brian White: -- five --

Andelyn Nesbitt-Rodriguez: Within one mile.

Brian White: -- within one mile, you can continue expanding until you reach that target population.

Andelyn Nesbitt-Rodriguez: Of 5,000 people. Exactly.

Brian White: 5,000 people. Yes.

Andelyn Nesbitt-Rodriguez: Yeah.

Kris Richmond: And that's only for HCD assistance that you're looking at the service area.

Brian White: HCD assistance. Yeah.

Andelyn Nesbitt-Rodriguez: Because if it's for public housing, you're not going to be interested in the service area. You're going to be interested if they live in public housing. Right. If they are a resident of. So that's the difference between public housing and HCD funds as far as a targeted Section 3 worker.

Brian White: And so, I guess we can -- and with the regular Section 3 worker, are those same requirements reviewed for compliance or is there a difference because it kind of looks like it's the same criteria for a targeting worker versus a Section 3 worker?

Carrie Kronberg: There are some. Oh, go ahead.

Kris Richmond: Oh, I'm just going to say, remember, our targeted Section 3 workers are also Section 3 workers. So first, you identify, are they a Section 3 worker? And then if the answer is yes, you want to see, can they also be a targeted Section 3 worker? So a targeted Section 3 worker is always going to be a Section 3 worker.

And you are right. There are a couple things that are similar. Employed by a Section 3 business concern and a YouthBuild participant are the same for Section 3 worker as a targeted Section 3 worker. Okay. We see business concern and the YouthBuild participant.

It's the where do they live is another category that you could try to make them eligible to be a targeted Section 3 worker, depending on whether you have HCD assistance or public housing assistance.

Andelyn Nesbitt-Rodriguez: So if someone is employed by a Section 3 business concern, then they're a targeted -- a Section 3 worker and they count as a targeted Section 3 worker right off the bat; right? If they're not employed by a Section 3 business concern, then they'd have to fit into one of these categories, either live within that service area for housing and community development funds or live in public housing, that language for public housing, in order to be a targeted Section 3 worker.

Brian White: Okay. Thank you for that.

Andelyn Nesbitt-Rodriguez: Sure.

Kris Richmond: Yeah. I know when I first was working on this, this part was a little confusing to me because I was like, what? What's a targeted Section 3 worker? Oh, a targeted Section 3 worker is always a Section 3 worker. So you're not just looking at targeted Section 3 workers on their own. They first have to be a Section 3 worker before they even become eligible for a targeted Section 3 worker.

So our targeted Section 3 workers are always also Section 3 workers, but not all of our Section 3 workers are targeted Section 3 workers. So once you can get that concept wrapped around your - your head wrapped around that, it's a lot clearer to understand.

Brian, do you have other questions?

Brian White: Yeah. That made -- no. That made a lot of sense. Thanks.

Kris Richmond: Okay. Any other questions we could help you with today?

Brian White: No. I'm also interested in just hearing more. I know there are probably some other questions that some other attendees have. I'm more so just interested in listening to the interaction. I want to engage. Something may spark a question as we -- as I continue to listen.

Kris Richmond: Yeah. I appreciate that. I always learn so much by listening to other people's questions, too. Great. Well --

Andelyn Nesbitt-Rodriguez: Please engage. Come right back on. If you think of something else, then this is why.

Kris Richmond: Absolutely.

Andelyn Nesbitt-Rodriguez: Yeah.

Kris Richmond: This is not a one and done.

Andelyn Nesbitt-Rodriguez: Kris, before we move on to another question, there was one that came to me in chat, and I want to go ahead and pivot to this one because it's very close to what Mr. White was just asking.

So this person asked, to show the certification requirements for Section 3 workers that include the options for employers to certify.

So we were just talking about Section 3 workers and targeted Section 3 workers and the differences between the two. So now, we can talk a little bit about certifying them really quickly as Section 3 workers and targeted Section 3 workers.

Oh, perfect. This is day two.

Kris Richmond: I have it up. Is it day three, Section 3 records? Is that what we want, or do you want to look at something different?

Andelyn Nesbitt-Rodriguez: I think we repeated it on day three, but so, this is perfect.

Okay. So and this is show certification requirements for Section 3 workers that include the option for employers to certify. So for Section 3 workers, these are the certification options that you have. And to certify someone as a Section 3 worker, you would need to fulfill one of these three.

So there can be self-certifications from a worker that their income is below the income limit, a self-certification from the worker that they participate in a means tested program like public housing or Section 8 assisted housing. You can get certification from the PHA owner or property manager of those means tested programs that the person is in the mean -- does participate in one of those. An employer certification, and here are the ones that I think you want to ask about -- you want to get to that include the option for employers to certify.

An employer can certify that the worker's income -- and they're only talking about the income from that employer -- is below the income limit -- and this is the individual income limit, not the household income limit -- when based on an employer's calculation of what the worker's wage rate would translate to if it was annualized and on a full-time basis.

So if they're working part-time, then you would do the math and take that up to the 40 hours. If they're working just a part of the year, then you would annualize that and get that amount that what it would be if they were working full-time and annualized and look at that against the income limits.

An employer can also self-certify -- well, not self. An employer can also certify that the worker is employed by a Section 3 business concern. So a worker can certify that they are a Section 3 -- an employer can certify that they are a Section 3 business concern and that this worker is working for them. Again, if a worker is working for a Section 3 business concern, they qualify as a Section 3 worker and as a targeted Section 3 worker. I hope that answers the question.

Kris, anything to add there?

Kris Richmond: No. I think that's good. I just -- I do like to point out to folks it's only one of these has to be maintained. You don't have to make it harder than it already is.

Andelyn Nesbitt-Rodriguez: Exactly. And I'm sorry. I got one more question.

"Can all of the workers hired by a business be considered targeted Section 3?"

And yes. If that business is a Section 3 business concern, then yeah. All of their employees are considered targeted Section 3 workers.

Kris Richmond: And then here's the record for targeted Section 3, depending on whether -- the left-hand side here is public housing assistance, the right-hand side is HCD assistance. I don't know if you want to go over that, too, or --

Andelyn Nesbitt-Rodriguez: Yeah. And it really just goes based on what option from the slide before you were certifying them as. So a worker's -- for example, let's talk about the public housing assistance. A worker's self-certification of participation in that means tested program, we said that's one way that you can certify them. Well, the method, the document that you would use to do that, to keep that on file would be the worker's self-certification or the certification from the Public Housing Authority, owner, or property manager that that person is participating in that program.

For housing and community development, on the other side there, you can use an employer's confirmation that the worker's residence is within the project site -- within the service area, rather. I apologize. Within the service area, and then that's the difference.

The other ones are the same for both public housing and housing and community development assistance. You can use an employer certification that I'm a Section 3 business concern. This person works for me. Or you can use a worker certification that, yes. I'm a participant in YouthBuild -- the YouthBuild program.

Kris Richmond: Okay. Anything else?

Andelyn Nesbitt-Rodriguez: All right. Thank you, guys. Those were really good questions, and I hope that helped the folks that were asking them and other folks because that's a big part of this change is just understanding Section 3 workers, targeted Section 3 workers, and how they work together.

Kris Richmond: Great. So somebody was asking if these slides are available. They will be available once it's all posted up on the HUD Exchange. That's what I was talking about, that the - - we're just waiting for the final transcripts because we're not allowed to post anything until the transcripts have been done. Everything has to be Section 508 compliant, and that includes having transcripts available for access. So those should be up and available -- no more than two weeks they should be ready.

Andelyn Nesbitt-Rodriguez: I want to get to, if it's okay with you, Kris --

Kris Richmond: Yeah.

Andelyn Nesbitt-Rodriguez: I want to get to one question that was high up in the chat and in the Q&A box. So this person was asking questions in the Q&A box, which is exactly the right way to do it, and I think that maybe we just kind of skipped it and I apologize. So I want to make sure that we get to you as quickly as possible.

"The CPD 21-07 notice says that grantees must include language in any agreements or contracts for Section 3 projects, and any information put into IDIS must have written documentation of its

accuracy. Wouldn't this require grantees to maintain copies of all subcontracts containing Section 3 language?"

And yes. Yes. Absolutely. That's one of the things that you absolutely should be maintaining. The period that you would maintain these documents would coincide with whatever program you're using.

So for CDBG, the requirement is that you keep all documents five years after project closeout, and that would apply to this one. For HOME, for example, it would be either that 5, 10, 20 years, whatever the amount was of HOME funds that you received would determine your period of affordability, and you would need to keep the documents for the full affordability period.

As you can tell, I came from the housing and community development world. So that's what I know. All right.

Kris Richmond: Medora, is there anyone else that wants to ask a question?

Medora Benson: Yeah. We've got a few in the queue. The first up is Brenda Beecroft [ph]. I'm going to unmute you now.

Brenda Beecroft: Good afternoon, and thank you so much for taking your time to answer our questions. It's really helpful. I'm going to go back around to the targeted Section 3 and Section 3 workers. What I'd like to know -- I did ask a question already about the benchmarks for those, and I'm a little confused with the answer that said, 5 percent and part of the 25 percent.

I saw in the slides, actually -- it's slide 65 and 66, and remember from the training that they did distinguish between the two and it was an and not a part of. Can you explain that further?

Andelyn Nesbitt-Rodriguez: Okay. I'm having a little bit of trouble hearing you, but I think you're asking about the percentages, the benchmarks, the 25/5 percent benchmarks for Section 3 hours and targeted Section 3 hours.

Brenda Beecroft: Yes.

Andelyn Nesbitt-Rodriguez: And the five -- or, Kris, do you want to answer that or --

Kris Richmond: Go ahead. Keep going, Andelyn. You're doing great. I pulled up the public housing one. Brenda, are you public housing funding, or are you HCD funding?

Brenda Beecroft: HCD.

Kris Richmond: Okay. So let's look at the HCD slide, and then we can circle back to the public housing one. Do you -- is this slide helpful for you, Andelyn, to talk about?

Andelyn Nesbitt-Rodriguez: Yeah. Yeah. Thank you so much.

Kris Richmond: Go ahead.

Andelyn Nesbitt-Rodriguez: So the benchmarks for Section 3 labor hours are that 25 percent or more of all total labor hours for the project must be worked by Section 3 workers. Keep in mind, when we're talking about the 5 percent, the targeted Section 3 workers, keep in mind that targeted Section 3 workers are Section 3 workers.

So I think that what you were saying was that there was some confusion about why the 5 percent is also a part of the 25 percent, why those workers count as both. So those count -- those workers do count as both in your targeted Section 3 calculation and in your regular Section 3 calculation. Those workers count in both of them because they are a Section 3 worker, and they're also a targeted Section 3 worker. Does that answer your question?

Brenda Beecroft: Okay. Can you go to slide 65 and 66?

Andelyn Nesbitt-Rodriguez: Sure.

Brenda Beecroft: Is that 65 and 66?

Andelyn Nesbitt-Rodriguez: That's 66. I can take you to -- there's 65.

Brenda Beecroft: 65. Right. See how this one does not -- you have the 5 percent.

Andelyn Nesbitt-Rodriguez: Let me just say this real quick. I think that the reason that Kris went to 66 is because --

Brenda Beecroft: That one is the correction using those bonus hours.

Andelyn Nesbitt-Rodriguez: Okay.

Brenda Beecroft: See, this one did not meet the benchmark, and then after adding those bonus hours from the [inaudible] whatever, it did meet. So I wasn't sure. To me, the first one, slide 65, should have met the benchmark, if you're including the fact that --- if the 5 percent is not an end.

Andelyn Nesbitt-Rodriguez: Okay. So --

Brenda Beecroft: Do you see what I'm saying?

Andelyn Nesbitt-Rodriguez: What they're saying is 800 hours of the work performed on the project were performed by Section 3 labor -- Section 3 workers.

Brenda Beecroft: Okay. So are you saying that that 800 includes the 200 from the targeted?

Andelyn Nesbitt-Rodriguez: Yes.

Brenda Beecroft: Oh.

Kris Richmond: It's already built into it. Yeah.

Andelyn Nesbitt-Rodriguez: It is.

Brenda Beecroft: Okay. But it still has to -- but the targeted still has to meet 5 percent?

Andelyn Nesbitt-Rodriguez: Yes.

Kris Richmond: Yeah. You still have to do two separate calculations, but you are using --

Brenda Beecroft: Okay. All right. That's what I was --

Kris Richmond: That 800 includes the 200 Section 3 -- targeted Section 3.

Brenda Beecroft: Right. But the 200 has to --

Kris Richmond: And then we pull out the 200 to do a separate calculation. Yeah.

Brenda Beecroft: Okay. All right. Now, I understand what you're saying. It sort of sounded like you could have 20 percent --

Kris Richmond: Some people think they -- yeah. Some people think it's double counting, but it's not because we're really trying to figure out two separate things.

Brenda Beecroft: Right.

Kris Richmond: But some of those labor hours are used in both calculations, but we are actually trying to come up with percentages for two separate things.

Brenda Beecroft: Okay. So --

Kris Richmond: I'm glad you asked that.

Andelyn Nesbitt-Rodriguez: I'm sure other people have had that question as well.

Kris Richmond: Oh, yeah.

Andelyn Nesbitt-Rodriguez: So yeah.

Brenda Beecroft: Okay. So then when a contractor is -- has workers and they're certifying as a Section 3 or targeted Section 3, it sounds like they would put the Section 3 workers in one category for their hours and the targeted in another category for their hours. And so, I can see where they would probably not be counting enough hours for Section 3 because they're considered two separate categories. You see what I'm saying?

Kris Richmond: Yeah. But in order to become a targeted Section 3 worker, you first had to identify them as a Section 3 worker.

Brenda Beecroft: Right.

Kris Richmond: So people shouldn't automatically be saying, Oh, Andelyn is a targeted Section 3 worker, until we've already determined that Andelyn is a Section 3 worker. So we should have a comprehensive list of our Section 3 workers and then deciding who of our Section 3 workers also belong on this other list as our targeted Section 3 workers. That might be the strategy you might want to use and trying to explain it to your subcontractors.

Brenda Beecroft: Okay. Okay. Got it. Thank you so much for that.

Kris Richmond: Sure. Yeah. It's hard because it's a lot of numbers and trying to figure out which category is what. And yeah. I get it.

Brenda Beecroft: Okay. I think the -- the options -- one of the questions was, "What are the options to meet qualitative efforts?"

And I noticed there was an answer in here, if the contractor has no employees that qualify for Section 3 and there's no positions. I understand there such things mentioned that's in the IDIS list of qualitative effort to include all kinds of like helping them find childcare and things like that. But if someone already has their workers, are you all expecting them to then go and do something that really is not going to produce any workers or provide jobs because they don't have any?

Kris Richmond: So I'm pulling up the IDIS list of some ideas of qualitative efforts. And it doesn't just have to be that contractor. It can be you, your grantee in partnership with other organizations to try to hit qualitative efforts. So there could be different things that are going on within your community to try to hit qualitative efforts, if that one particular contractor you're working with is unable to supply any of those to you.

You always want to try to have them to help you reach some of these qualitative efforts. Maybe there's a way that they can try to do some type of apprentice program to be able to bring on other staff to be able to help build capacity of staff. There's all sorts of different ideas. Andelyn, anything you want to expand on or see on that list that might be helpful in that kind of situation?

Andelyn Nesbitt-Rodriguez: No. No. I just think it's a really good practice to look -- look at the list, and this list isn't exhaustive. If you think of other ideas that would work for your particular jurisdiction, then those might be good. And there's no prescribed you have to do A, B, and C to meet these qualitative efforts. It's about making that good faith effort and about really -- and I'm such an advocate of communicating with your local HUD field office because they're the ones who are going to ultimately going to work with you to make sure that this is all in compliance.

Brenda Beecroft: Okay. So that sort of -- that little discussion sort of sounded like it can be a group effort as far as the GC maybe helping the subcontractors to have qualitative efforts, that

everyone who is a contractor and subcontractor is responsible for following the Section 3 regulations, which require benchmarks, and if not met, then qualitative efforts.

So it sounds to me like it's supposed to be every subcontractor finding their own qualitative efforts. Is that not correct? Because if it's not and it's supposed to be a community effort or a group effort, that changes things a bunch for us.

Kris Richmond: Andelyn, I see you have things to share.

Andelyn Nesbitt-Rodriguez: I'll say this, and if I'm wrong, then, Kris, you help me. But my understanding is that this is going to be measured by your local HUD field office on the efforts of your agency. So it's about what you as a participating jurisdiction or as a grantee, your qualitative efforts. And certainly, contractors and subcontractors and businesses and incubators and Section 3 potential workers are all stakeholders in this, but I think it's about your agency's qualitative effort.

Kris Richmond: Yes. I'd fully support that answer, Andelyn.

And for HCD assistance, Brenda, remember it's project by project. So if you meet your qualitative -- I mean, if you meet your benchmarks for that project, you don't have to report on qualitative efforts. We're only reporting on qualitative efforts if we do not meet the 25/5 rules there.

Brenda Beecroft: Right. Yeah. I can understand that.

Kris Richmond: Great. And like Andelyn said, this list is not comprehensive. So you might have some other great ideas that could fulfill trying to do qualitative efforts, and it's the greatest efforts possible, greatest extent feasible. HUD wants to see that you're trying to do something.

Brenda Beecroft: Right. I understand. Okay. I'll let others ask questions, and thank you for your time, again.

Kris Richmond: Okay. Come back if you have any others.

Brenda Beecroft: Okay. Great. Thanks.

Kris Richmond: Sure.

Andelyn Nesbitt-Rodriguez: Okay. I have a couple of questions that have come to me, if that's okay, Kris.

Kris Richmond: Sure.

Andelyn Nesbitt-Rodriguez: And we're at 2:33. So I'm going to be a little bit quick with these because I want to make sure -- there are still a lot of questions. I want to make sure we get to everybody.

"Can you reanswer? Does HUD have a template or example of employer certification of an employee Section 3 worker or targeted Section 3 worker status? We are using worker self-certification based on the sample that they received at HUD training. What would be the necessary elements for employers to certify an employee Section 3 worker status?"

Okay. So the employer can certify a Section 3 worker status based on the -- well, there you go. There's a tool. Go ahead, Kris. This is a great tool. Yeah.

Kris Richmond: No. Go ahead. You can explain it. I can switch to the next slide if needed or --

Andelyn Nesbitt-Rodriguez: So based on -- this is a Section 3 worker or targeted Section 3 worker self-certification sample form. It was one of the tools that we provided, I believe, on day two, but it's part of the information. And it's just the employee name, and it asks some of those questions about how you're going to certify the person, whether it's being that they live in a means tested program like Section 8, that they're -- are they a resident of the county and the amount of their income?

Just remember that the employer is certifying based on what they pay the employee if it was annualized and full time based on the AMI for the person, not the household AMI, and those are the main things that you need to have on there to certify an employer as being -- an employee as being a Section 3 worker or targeted Section 3 worker.

I was kind of going over the low-income part of it. There's a couple of other things in there, too. Kris?

Kris Richmond: Yeah. We can bring those up. What day was that on? Was that day one where we had -- oh, day three we had all the records.

Andelyn Nesbitt-Rodriguez: Yeah.

Kris Richmond: And you can take that. I mean, HUD does not dictate any template whatsoever. So you can take that. That one was for self-certification for a worker. But if you want to do an employer one, you can certainly pull up -- you can -- it's hard for me to talk and find the slides at the same time.

Andelyn Nesbitt-Rodriguez: I was going to -- because we're both trying to find the slides at the same time, I was going to day two slide 37.

Kris Richmond: Okay. Thank you.

Andelyn Nesbitt-Rodriguez: I'm sorry.

Kris Richmond: No. Go ahead. There you go. So if you're looking for ones where the PHA is going to certify something for you, then you just change the language and have name of PHA and what's your position and how can I contact you? And is this person a resident of your public

housing? And they can sign it. So look at what the required documentation is, and then you can design or change those certification forms that we gave you to meet your needs the way that you want to use the documentation.

So we tried to give you a starting point. But like I said, HUD is not dictating what type of certification you have to use. There's lots of different options for you. Pick the one that's going to be easiest for you to implement, easiest for you to document, to make sure it's consistently used by your staff and that your contractors understand it. You just want something that's going to be successful and make sure that your program can be successful.

That's what I always say when we have sample forms. You make it successful for you, because people say, oh, it's too complicated. There's too many things in here. Well, HUD is not saying all these things have to be in here, but what would make it -- if I was a HUD person coming in, I want to know that you actually tried to document that this was a Section 3 worker. So what would I want to see and what would a prudent person do?

Andelyn Nesbitt-Rodriguez: Yeah. So and then if you have any specific questions, of course, one more time, consult your local HUD field office. They're the ones that are ultimately going to be looking at your forms, your qualitative data.

Kris Richmond: Yes.

Andelyn Nesbitt-Rodriguez: They're the ones that are going to say, yeah. That -- I see why you did that. That's what a prudent person would do. That makes sense, and that was your greatest effort. So all right.

A couple more questions. "What are other states or PJs doing in the way of Section 3 meetings or TA prior to construction? Are there any monitoring checklists or templates? Any Section 3 language?"

There has not been any Section 3 language issued that I know of.

Kris Richmond: No Section 3 language. There is a HUD -- I'm looking for the red slide here. There is a HUD compliance checklist that we did put out with the training. And so, it does go over some things that HUD -- it's not comprehensive, but it does go over some things that HUD may be looking for for a Section 3 review. And it's provided. Go ahead.

Andelyn Nesbitt-Rodriguez: As far as what other states or PJs are doing, I cannot speak to that, but what I can say is there was a lot of information in this training about developing a Section 3 plan. And in the Section 3 plan, there were some really good tidbits as far as meetings and TA prior to construction.

A couple of things that I really liked was, during your pre-construction conference, having the written documents, having the responsibilities, the roles and responsibilities of the contractor laid out. I'm an advocate of having contractors initial or sign that they have read those documents because we get a lot of documents and sometimes people don't read them. So going through.

Thank you so much, Kris. This is a sample Section 3 plan. This is a part of building your Section 3 plan, what you would do by way of meetings and TA prior to construction. Anything to add there, Kris?

Kris Richmond: No. Just that throughout the trainings that we've done in, as well as some of these office hours, we've had a lot of questions from states because we do understand the challenges that states are having implementing this. And we have brought that to HUD's attention because we're always looking for ideas to develop additional products or focus more training.

So we have brought that to HUD's attention that the states are really looking for more. Like, what else can they do to try to be successful with implementing Section 3? So we have brought that to HUD's attention. So there is a little bit of focus. So I would look in the next six months or so perhaps for some new products or perhaps even a training focusing on states' needs for implementing this rule.

Andelyn Nesbitt-Rodriguez: I have just one left. Then I promise we'll go back to the callers. I just -- these came in --

Kris Richmond: Go ahead.

Andelyn Nesbitt-Rodriguez: -- a little bit higher up in the chat and I want to make sure -- in the Q&A box --

Kris Richmond: Sure.

Andelyn Nesbitt-Rodriguez: And want to make sure we get to them.

What are some attainable benchmarks for contractors who are not Section 3, don't have Section 3 or targeted Section 3 workers, won't be hiring, and there are no Section 3 businesses in our area?"

Again, I've heard this a couple times and I do understand the pain but I'll just reiterate that the benchmarks are what they are. But as far as qualitative data -- I think that's what you're probably asking about -- that is per agency. So that is up to the grantee, and in your universe of people who are stakeholders, are the contractors and subcontractors, people who could potentially get these jobs, vocational rehab programs, some high schools have -- they have shop classes. They also have things like building construction.

I mean, there's just -- in your area, you should identify everybody who might possibly be a stakeholder and bring those people to the table. And that's a good way to do -- to create qualitative data to report but also to potentially create more opportunities for Section 3 workers to come online.

Kris Richmond: And I really want to pick up on that point you made, Andelyn, about your partners and the stakeholders. And you don't have to do this alone. You would be so much more

successful bringing stakeholders to the table to help you with these efforts because they might even be doing things that you're not even aware of. And then you can capitalize on that and provide more marketing for something like that and then count it as a qualitative effort.

Andelyn Nesbitt-Rodriguez: That is it for me. Thank you, guys.

Kris Richmond: Okay. Medora, do we have others in our chat that want to ask us questions?

Medora Benson: Yeah. We have a few more. We've got Carrie up next. This is Carrie Easler [ph]. I am going to unmute you now.

Carrie Easler: Thank you so much. Can you guys hear me?

Kris Richmond: We can. Go ahead, Carrie.

Carrie Easler: Great. Okay. My question was initially, are we assuming no overtime on self-certifications since that's not guaranteed?

And the reason I kind of ask that is because we were looking at analyzing the income. However, Carrie posted to my question that Section 3 looks backwards, not forward, like income verifications for HOME, for instance. Per the Section 3 worker definition in the rule, you're looking at the previous or annualized calendar year. So you wouldn't need to estimate overtime. It's based on whatever the worker earned in the past. So if that worker did not work for that contractor, then they would have to self-certify. The contractor could not do that for them. I guess that's question number one.

Andelyn Nesbitt-Rodriguez: If the contractor -- so, you're saying if someone is new to working with a contracting company --

Carrie Easler: That is correct.

Andelyn Nesbitt-Rodriguez: -- that contractor, they can -- I understand why you would say that because the contractor can't look backwards, but the contractor is certifying that that person is low income based on what the contractor pays them, if it were annualized and full-time. So --

Carrie Easler: But then that's looking forward.

Andelyn Nesbitt-Rodriguez: It is, and all certifications are kind of looking forward. But I think what Carrie meant when she said look backwards means get that data from the past in order to bring it forward and estimate forward; right?

Kris Richmond: Right.

Andelyn Nesbitt-Rodriguez: So what you're saying is, if someone's new to a contracting company, they don't have that data of what that person --

Carrie Easler: Made last year.

Andelyn Nesbitt-Rodriguez: I guess they would have to average -- so, you're saying if someone's brand new.

Carrie Easler: Uh-huh.

Andelyn Nesbitt-Rodriguez: Okay. So if the person makes \$20 an hour, then the contractor who is certifying for them would take that to -- multiply that by 40 hours -- multiply that by 20/80. Multiply that by 40 hours a week, 12 months a year, and that would be the annualized and full-time salary for that person.

Carrie Easler: Right.

Andelyn Nesbitt-Rodriguez: And they would measure that against the AMI, the individual AMI and to see if that person was low income.

Carrie Easler: Okay. So we are projecting out then?

Andelyn Nesbitt-Rodriguez: You are. Yeah. I mean, all certifications are saying I'm certifying -- sometimes based on information from the past is how you get that information to certify, but you're always certifying towards the future that this is what I think is going to happen.

Carrie Easler: Okay. So if I were cut off as projecting out based on one person is \$18.50 an hour and this person only makes \$18 an hour, then we know that they would be low income because they're making less than that hourly rate?

Andelyn Nesbitt-Rodriguez: That seems like a legitimate way to do that calculation.

Carrie Easler: Okay. All right. And then I just want to ask --

Kris Richmond: I would agree. And remember just real quick, Carrie, just that you can -- because the rule was in place November 30th. And so, if we checked somebody's income last summer and they were identified as a Section 3 worker, that's good for five years moving forward.

So we don't have to keep checking to certify them. We know that they're a Section 3 workers. So that's good as long as they're still working for the same employer.

Carrie Easler: Okay.

Kris Richmond: Carrie, I see you coming on. You want to chime in with our conversation here? I think you're on mute, Carrie. We have two Carries now.

Carrie Kronberg: I said, great name. I guess I tried to unmute myself and muted myself.

So I was looking at the definition within the rule that talks about the previous calendar year. So in the case of a worker being new to a company, I would think that, if they were low income at the time that they were hired by that company and they're new now, then they would count as a Section 3 worker because they were low income at the time of higher; right?

So they could also -- I think the employer also could certify based on the wage that they were paying them, but if you look at the hard definition, it says, previous or annualized calendar year. So I guess you have -- how do you understand that, Kris and Andelyn? Annualized calendar year could be looking forward.

Kris Richmond: That would be like a [inaudible]. Yeah.

Carrie Kronberg: So I think maybe you have an option.

Carrie Easler: Okay. And then just my last question. We are -- we're not a housing authority. We use CDBG and HOME funds. Am I correct that for a targeted Section 3 worker for us, it does not matter if you live in public housing or not? We are only looking at that one mile or 5,000 people, whichever applies?

Andelyn Nesbitt-Rodriguez: Absolutely.

Carrie Easler: So if you live in public housing, we don't care. We only care about that mile or that radius?

Andelyn Nesbitt-Rodriguez: Absolutely.

Carrie Easler: Great. Thank you, ladies. You all have a great day.

Andelyn Nesbitt-Rodriguez: Thank you.

Kris Richmond: Okay. Medora, do we have anybody else in the queue?

Medora Benson: Yeah. Up next, we have Aaron Keniski [ph]. Aaron, and I'm going to unmute you now.

Aaron Keniski: Hey, everyone. I think the panelists touched on my questions. I was the one that asked about what other states are doing in terms of TA prior to construction and those additional questions. But after you answered those questions, I just had a couple others pertaining more to verifying Section 3 business concerns.

I saw in the Q&A answers saying that if a business self-certifies through HUD's opportunity portal, that they -- we should collect documentation to verify their status as a Section 3 business concern. And I was just wondering what kind of documentation should be collected to do that.

Kris Richmond: So we have a sample form I put up here for business concerns, and business concerns are able to self-certify. So they can just give you a certification that they are meeting

one of these three criteria down below, so at least 51 percent is owned or controlled by a low-income person, at least 51 percent owned/controlled by someone who lives in public housing or gets Section 8, or over 75 percent of the labor hours.

So they are allowed to self-certify. They don't have to show you hours worked or payroll or any of that. They can self-certify, and that would be justifiable documentation in your files.

Aaron Keniski: Okay. I see in the slide that -- or let's see -- 550 from day two, certifying section three business concerns, it looks like the third bullet, is it kind of recommended that --

Kris Richmond: Yeah.

Aaron Keniski: -- they be verified before awarding contracts or -- if they've self-certified. So I saw that bullet and that kind of --

Kris Richmond: I felt the same way when we trained it too. Yeah. Because it can be self-certified, and so, I think it's, if you haven't collected that application that they're self-certified, that at least when you're awarding the contract, someone has checked that, checked that meaning you have that documentation that someone has identified they're a Section 3 business concern. They're meeting one of these three criteria down below here, and you have that documentation in hand.

Aaron Keniski: Okay. So it would just be it looks like payroll documentation or ownership documentation? Just looking at what documentation would support each of them. Okay.

Kris Richmond: Well, and Andelyn, correct me if I'm wrong, but it's my understanding they don't even have to show that. They can self-certify that they meet one of these three criteria, that the grantee can decide to ask for additional materials, but that the self-certification would be sufficient. Is that your understanding as well?

Andelyn Nesbitt-Rodriguez: Right. Yeah. And I know that that seems a little scary, but --

Kris Richmond: A little light compared to what we're used to; right?

Andelyn Nesbitt-Rodriguez: Yeah. But --

Aaron Keniski: And I'm just asking because I'm anticipating people asking this question. So I just want to know how best to respond.

Kris Richmond: But you can always ask for more. I mean, this is -- they're trying -- HUD was trying to streamline this rule so that it was easy for you to document. But as a grantee, you can always ask for more documentation.

Aaron Keniski: Okay. Okay. And then just kind of a general question about the HUD opportunity portal, but who usually adds Section 3 projects or job opportunities on there?

Kris Richmond: So it can be grantees. It could be a contractor. There's lots of -- I'm trying to see if I can get to the slide for that.

Andelyn Nesbitt-Rodriguez: It could be the business.

Kris Richmond: Yeah.

Aaron Keniski: Okay.

Andelyn Nesbitt-Rodriguez: And we encourage you to encourage your Section 3 businesses to register.

Aaron Keniski: Okay.

Andelyn Nesbitt-Rodriguez: Yeah.

Aaron Keniski: All right.

Andelyn Nesbitt-Rodriguez: That's the way that we're going to build up the database. Yeah.

Aaron Keniski: Yes. Okay. Thank you.

Kris Richmond: Okay. Medora, anyone else? We've got about eight minutes left.

Medora Benson: Yeah. Up next, we have Catherine Colby [ph]. Catherine, I am about to unmute you. All right. Catherine, you are unmuted.

Kris Richmond: I can't hear anybody, Medora.

Medora Benson: Catherine, if you can hear us, you are unmuted right now, and you can ask your question. All right. I can connect with Catherine in the chat.

Up next, we have Charlotte Richie [ph]. Charlotte, I am about to unmute you.

Charlotte Richie: Hi, everyone. I just need a couple of the -- I just want to go back to the income clarification, a couple of income clarifications. So going back to that new employee for a contractor, you said that -- let's say that the contractor is going to pay them a wage that's going to put them over income, but their last year to November 30th, they were under income. Could they qualify on their previous income and be considered a Section 3 worker?

Kris Richmond: Well, I think based on what Carrie Kronberg had dug up, it appears that they could.

Charlotte Richie: Okay. And then the other quick question is, so, can someone qualify just because they live in a household that utilizes a Section 8 voucher because Section 8 eligibility is determined at income and that income can increase over time without disqualifying them from

that program? So they could in essence be over the low-income threshold but still residing in a Section 8 household and utilizing that voucher.

Kris Richmond: So first, we have to define if they're a Section 3 worker. Okay. So Section 3 worker, there is nothing here that's identifying as living in public housing or working for a means -- living in a means tested program unless it's a YouthBuild participant, and that's a very specific type of program.

So this is the first test. They have to meet one of these three criteria before we move on to the next test, which is, do they live in public housing or not?

Charlotte Richie: Okay. So it's only public -- but it says Section 8 assisted housing.

Kris Richmond: Yes. But that's targeted Section 3. So do your workers meet one of these criteria first? Are they low or very low income or --

Charlotte Richie: I got you. Okay. The Section 8 only comes in after they've met the --

Kris Richmond: Yes.

Charlotte Richie: As a second. I get you. Okay. That --

Kris Richmond: It's like a second tier. So first, you have to be a Section 3 worker. If you're not a Section 3 worker, we don't care where you live. That's not even an option for me.

Charlotte Richie: Okay.

Kris Richmond: I got to fix -- I have to choose -- I have to clarify -- I have to qualify you first as a Section 3 worker. If I can't qualify you as a Section 3 worker, I'm never even looking to see if you're a targeted Section 3 worker.

Charlotte Richie: Got it. Okay. Perfect. Thank you so much. Appreciate it.

Kris Richmond: Sure. Of course. Good name too. My first born is a Charlotte as well. All right. Do you have any other questions, Charlotte?

Charlotte Richie: No. That's it. I'm sure once I get stuck in, as they say, I'll be -- I'll have all kinds of questions.

Kris Richmond: Okay. And we are trying to upload as many questions as we can to the FAQs that are available on the HUD Exchange as well.

Charlotte Richie: Perfect.

Medora, anybody else in our queue?

Medora Benson: It seems like Catherine is having a few IT issues right now. So I will troubleshoot there, but I'm going to read her question if that's okay.

Kris Richmond: Yeah. That's fine.

Medora Benson: She wrote into the chat. It's, "We are an HCD provider. Does 24 CFR 75 require us to collect copies of all contracts for projects receiving a commitment of \$200,000 or more?"

Kris Richmond: So \$200,000 or more for HCD assistance triggers Section 3. So we do need to be applying the Section 3 requirements, and we would have Section 3 language in our contracts that would require them to making sure they're trying to have Section 3 workers and targeted Section 3 workers because we want to try to meet our 25/5 for that particular project. And part of that documentation is we would be collecting -- we would have our contracts in place and we would have those in our files.

Andelyn, what else would you add to that to get to her question?

Andelyn Nesbitt-Rodriguez: Nothing.

Kris Richmond: Okay. Well, that was an easy one.

Andelyn Nesbitt-Rodriguez: Yeah.

Kris Richmond: Medora, did she type in anything else?

Medora Benson: Nope. That was it.

Kris Richmond: Okay. Do we have anybody else in the queue?

Medora Benson: We do have Gary Greer [ph].

Kris Richmond: Okay.

Medora Benson: He would like to discuss --

Kris Richmond: We can begin and end with Gary. Perfect.

Medora Benson: All right. There you go, Gary.

Kris Richmond: Welcome back, Gary.

Gary Greer: I'm glad to be back. I've been here all along.

Kris Richmond: Good.

Gary Greer: Great questions and great answers. So I put in the chat box the language I was looking at that HUD responded to a comment. That's the only place I found it.

Kris Richmond: In the reg.

Gary Greer: In the regs. Right. And it's saying, the final rule does not apply specific Section 3 reporting obligations to any subcontractor, and instead, such requirements would stem from the recipient. The proposal to reinstate --

Kris Richmond: You still there, Gary?

Gary Greer: Yeah. I am.

Kris Richmond: Okay.

Gary Greer: I'm trying to read what I wrote and then when I push down.

Kris Richmond: That's all right. So I understand where you found it, and everything.

Gary Greer: It seems --

Kris Richmond: We just don't --

Gary Greer: -- to indicate that there is some discretion for recipients like we are to have a limit for the subcontractors, and I guess that's what I'm getting at. Is that true? What are the ramifications?

Kris Richmond: I just -- I haven't heard that, and so we want -- we don't want to give you wrong information.

Gary Greer: Right.

Kris Richmond: So we'll definitely run that up the flagpole, and we will check with our HUD contacts and try to get some clear answers for you about that. I know that's a burning issue for you, and we'll try to get some answers for that. Sometimes it takes us a week or so, and then we'll ask our logistics staff to email out an answer. We did do that with our January session. We had a couple questions that we weren't quite sure about and we got some clarification and that was emailed out to all of the attendees so that they had the correct answer, if they were part of our discussion, so that they knew what was supposed to be the right answer in their head.

Gary Greer: And the only other thing I wrote in there was, I believe, about the income, the individual income, the reading. And we -- you've talked about it and confirmed that it's two bites at the apple. It's -- it can be -- you have an option. It can be the aggregated income that they're currently have for 20/80 full-time, or you can do a look back from the date of hire, if it's within that time set, and what their income -- so, if they come to the table without -- with meeting the income requirements, they could be certified, and then that could potentially last for five years.

Kris Richmond: Yeah. That's our understanding. We'll make sure we get confirmation on that, too.

Gary Greer: Yeah. That's what I took away from it. Thank you.

Kris Richmond: Perfect. Sure. Glad you could join us today, Gary. We had great discussions.

Well, Andelyn, any last words of wisdom to share. I am so glad you brought up the guidebook because it was not ready. We can see it down here. It said forthcoming. And now, we can say, yay. It's actually there. The guidebook is not new but it has been refreshed and it is now available on the HUD Exchange. So if you go to the HUD Exchange Section 3, you should be able to click on that, and it is an e-guidebook. It's not a PDF document. If you're old school like me, you like those PDFs, but you can go through and hopefully that'll be helpful for you.

But I'll stop talking. Andelyn, anything else to add before we end today?

Andelyn Nesbitt-Rodriguez: No. That's it. Thank you. This was a really great conversation. We appreciate you guys.

Kris Richmond: Yeah. Carrie, anything last before we end?

Carrie Kronberg: No. Just sorry I got to about half the questions in the Q&A box. So -- but thanks.

Kris Richmond: Yeah. Well, we'll take those and see if there's any that are new for FAQs and add to that. So I do want you guys to be aware on the HUD Exchange, there is a searchable FAQs. That means frequently ask questions. So please go to the HUD Exchange if your answer - - if your question did not get answered today. See if there might be an answer already on that.

And then we will be having another office hours session I believe next month. So watch -- look for -- you can go and register for that as well. So thanks, everybody. Thanks for your time today and attention. I really appreciate my colleagues today supporting us as we tackle some of your challenging and difficult questions. And, Medora, thank you for helping to support us on our logistics today as well. So thanks, everybody, and have a great afternoon. Bye.

(END)