

2021 Section 3 Final Rule Training Series

Day 2, Wednesday, December 8, 2021

Medora Benson: Hello and welcome to the second day of the 2021 Section 3 Final Rule Training Series. My name is Medora Benson with ICF, and I'm your host today.

Before we begin, I'd like to run through a few logistics. All participants have been muted upon entry. Please submit all content related questions via the Q&A box.

Throughout the webinar, if you have any technical issues, please request assistance through the chat box. When requesting assistance for technical issues, please send your message to me, the host, and I will work with you directly to resolve those issues.

As mentioned before, please submit all content related questions via the Q&A box to all co-hosts. The chat box and the Q&A box can be found on the right-hand side of your screen. If you do not see the Q&A box, look to the bottom right-hand corner, select the button with three dots, and click on the Q&A icon. The Q&A box will then appear in the panel to the right of your screen.

Today, we will be using breakout sessions. I will move all participants into breakout sessions of about 12 to 15 people. Please make sure to select the "Join Now" button. If you do not select the "Join Now" button, you will stay in the main room, and you will not join the breakout session. If you are using more than one monitor, this "Join Now" pop up may appear on your secondary monitor.

Please note this webinar will be recorded.

Now, I'd like to turn it over to my colleague Les Warner to begin today's webinar. Les.

Les Warner: Great. Thank you very much. Welcome back, everybody. Change presenter control here. There we go. All right. So we've got our same team. Andelyn and I are going to be your trainers. We have Hidaia and Benita who are going to be working with us.

Today, we do have two breakout sessions. So we're going to be going into our smaller group exercises, and so we'll get a chance to communicate a little more directly in those.

All right. So just to kind of a review. Yesterday we covered Module 1. We're going to be finishing that up rather shortly here and then moving into Module 2 talking about planning and implementation. And then on our third day, tomorrow we're going to be talking about Module 3 and Module 4. So make sure you join us tomorrow for those two modules.

Again, reminder. Because we have some differences between Subpart B, which is the subpart of the regulation that applies for public housing financial assistance, versus Subpart C, which is for housing and community development programs, we're going to be continuing it to use these icons to remind you when we're specifically talking about something, whether we're talking about public housing assistance or the housing and community development assistance.

So you should have received, again, today a email with links for the presentation handouts to be able to take notes on it. Also, we have a couple of tools that we're going to be looking at, and we,

again, included the exercises which we're going to be using today as part of that. And I think Medora usually puts that in the chat box as a link. So if you had any issues on that, look to the chat box, and there it is. All right.

So let's do kind of a quick recap of what we were talking about yesterday. So we talked through the goals of the new Section 3 rule and the fact that it's focusing on sustained employment and career development. And that key change is going from under the old rule where we really focused on looking at new hires. We're now really looking at the overall workforce and tracking qualifying workers, so trying to promote sustained employment for folks as part of that.

We also talked through the applicability of the regulations. So we talked about the types of funding that are covered by Section 3 and then talked about thresholds. So just as a reminder, we know with public housing assistance that Section 3 is applicable, and there's no threshold. So for any dollars that are going in, Section 3 will apply.

Different from that than are for the HCD funding, housing community development funding, it -- it's covering all of our HCD programs and we -- our funding sources and we had a graphic that made a list of those but it is only triggered for certain types of activities. So it's triggered when we have housing rehab or construction or other public construction.

So you might be running a CDBG program where you were doing down payment assistance and some public services along with a infrastructure project. Let's say you were doing streets and sidewalks in a particular neighborhood. So down payment assistance and public services don't fit within this category of housing rehab or construction or public construction. So those activities would not be covered by Section 3, whereas the infrastructure, the public construction would be included in that.

We also have a separate threshold for lead hazard control, which is when funds exceed \$100,000, and for everything else, our threshold is -- the funding for HCD funding needs to exceed \$200,000 before it will trigger the requirements under Section 3.

So we also talked about the safe harbor provisions and benchmarks. So we talked about safe harbor being where you were presumed to be in compliance, absent of any other evidence to the contrary, and to meet safe harbor, you would have to have met or exceeded the Section 3 benchmarks. We talked about 25 percent for Section 3 workers and 5 percent for targeted Section 3 workers. And you also need to be able to certify that you followed the prioritization of effort. And we're going to go into shortly what those prioritization of effort -- what we're talking about when we include that.

We also talked about the fact that, if you fail to meet those quantitative benchmarks, the 25 and 5 percent, that you still have the ability to be in safe harbor if you're able to provide evidence that you made qualitative efforts to try to assist low and very low-income persons.

And so, we're going to be talking through examples. We'll spend quite a bit of time on that on the third day, on examples of that, and we kind of were mentioning that, as a standard protocol, you're going to want to have a process to make sure that everyone understands the quantitative

benchmark requirements and you are building your system to try to hit that. But you would also then have qualitative efforts as a standard part of your program to ensure that you were going to be in safe harbor in cases where you might fail to meet those benchmarks.

So when we looked at the benchmarks for this, we talked about the fact that under Subpart B for public housing assistance, that that is going to be reported and measured on a fiscal year basis. And for the housing community development funds, this is going to be based on the overall project, so looking at total hours, total Section 3 and targeted Section 3 hours for that project as opposed to breaking that out on a fiscal year basis.

So what we're tracking on those metrics is the total labor hours we see in the graphic on the left, and then a subset of that are workers' hours that qualified as Section 3 workers. We would be counting those and dividing that into our total labor hours with a benchmark of 25 percent. And then a subset of those Section 3 workers would be those that also qualify as targeted Section 3 workers. And again -- excuse me -- we're going to be dividing those into our total labor hours for that project, and our benchmark that we're trying to meet or exceed is 5 percent for targeted Section 3 workers.

All right. So we're going to go right into our first exercise, Andelyn, anything you want to tell folks as we head into this?

Andelyn Nesbitt Rodriguez: No. Let's go and have some fun.

Les Warner: All right. So the pop up will come on your screen asking you to click to join your breakout session, and we ask that you go ahead and do that.

Medora Benson: Andelyn, you're just on mute right now.

Andelyn Nesbitt Rodriguez: I'm so sorry. I'm just sitting here talking away. So our group was discussing a particular situation, and we'll get back to that next time we go into the breakout room. Okay? I'll provide more details for you guys.

But hello and, everyone, welcome back. So going over exercise one, we have Beverly from our group that is going to report out. And so, exercise one was about safe harbor benchmarks.

Monarch Redevelopment and Housing Authority and MKJ Construction. MKJ is owned and controlled by two wealthy business colleagues. Only 75 percent of labor hours worked over the last three months, rather than -- only 65 were performed by low and very low-income workers. So they don't qualify as a Section 3 business concern because the -- it's owned and controlled not by low or very low-income folks and because they didn't meet that 75 percent of labor hours being worked by low or very low-income workers. So they're not a Section 3 business concern.

So now, we're going to figure out these safe harbor benchmarks. 15,000 total hours were worked. 5,000 by Section 3 workers. 575 were also certified by Public Housing Authority as residents, and 25 were certified as YouthBuild participants. They got self-certifications to back up that documentation.

So now, Bev, let's go through the calculations here. Can you tell me -- tell us how many total labor hours were worked on this project?

Beverly Pounds: Yes. 15,000.

Andelyn Nesbitt Rodriguez: Wonderful. And how many Section 3 labor -- of those total labor hours, how many of those were Section 3 labor hours?

Beverly Pounds: 5,000.

Andelyn Nesbitt Rodriguez: Great. And of those Section 3 labor hours, how many of those were also targeted Section 3 labor hours?

Beverly Pounds: 60.

Andelyn Nesbitt Rodriguez: Great. Absolutely. So in figuring out the benchmarks for the Section 3 worker benchmark, we divided that 5,000 by 15,000. And what percentage of -- did we meet for our Section 3 worker benchmark?

Beverly Pounds: 33 percent.

Andelyn Nesbitt Rodriguez: Absolutely. We did the same calculation for targeted Section 3 workers where we divided 600 targeted Section 3 labor hours by 15,000 total labor hours. And what was our percentage there?

Beverly Pounds: 4 percent.

Andelyn Nesbitt Rodriguez: Awesome. So Beverly, is Monarch Housing and Redevelopment Authority in compliance with safe harbor benchmarks.

Beverly Pounds: No. They are not.

Andelyn Nesbitt Rodriguez: And why are they not?

Beverly Pounds: They needed to meet 5 percent on the targeted Section 3 worker benchmark, and they only met -- got to 4 percent.

Andelyn Nesbitt Rodriguez: Absolutely. Both the Section 3 benchmark and the targeted Section 3 benchmark have to be met in order for them to be in compliance with safe harbor benchmarks. So thank you so, so much. Excellent job.

Beverly Pounds: Thank you.

Andelyn Nesbitt Rodriguez: All right. And now, I will pass it back over to Les.

Les Warner: Okay. And I'll just mention that we had a question in our group, which I thought was great because you oftentimes think, well, if I've counted a worker's hours in one category, I can't count them in another.

Those 600 hours for the targeted Section 3 workers, they really -- those workers' hours are part of our Section 3 count also. So we're not backing those out of what we counted. It's fine that we are counting them. They qualify both as a Section 3 worker and also as a targeted Section 3 worker. So no further adjustments are needed on that.

All right. Thanks, everybody.

So let's move forward and talk a little bit more about -- we keep talking about on the safe harbor -- we keep mentioning that not only do you need to meet those benchmarks, but you also need to follow the required prioritization of effort, and we have not yet gone into the details on that. So we're going to.

So I wanted to give you the regulatory reference for the safe harbor criteria. For public housing assistance, that's at 75.13, and then for housing community development recipients, that's at 75.23.

And so, to be in safe harbor, we've said that you need to be able to certify that you met those benchmarks, and we're going to be -- you'll be asked to enter that information into the reporting system. But you would also be asked to certify that you have followed the prioritization of effort, and those are specifically outlined within the regs. For public housing assistance, it's 75.9, and for HCD, it's at 75.23.

And again, that safe harbor is sort of conditioned by -- this is only if there's an absence of any other evidence to the contrary. So again, I use the example of, if HUD were to monitor and discover that you were using the wrong definition and so the folks that had been certified as being Section 3 eligible were actually not, then that would be evidence to the contrary, and so that safe harbor would not be met.

All right. So let's dive in to what we mean by prioritization of effort, and then we'll point out here that we are -- we do have our icon here for public housing assistance. So these next two slides, we're going to be talking specifically for public housing assistance, and then we will separately be talking about the HCD funding and their prioritization.

So our top priority are going to be residents of the actual public housing project where those funds are being invested. And so, easy to think about how we might be specifically targeting those residents with fliers, with on-site job fairs. And so, this is specifically for employment and training, and these would be best efforts as part of that.

Our secondary then priority would be for residents of other public housing projects, residents that are receiving Section 8 housing assistance would be our sort of second tier on our approach.

Thirdly, then would be participants in YouthBuild programs, and then our last priority would be looking at the overall metropolitan area where that assistance is being expended.

So as we talk more about some of our efforts, you can keep in mind that, depending on whether it was public housing assistance or HCD, that our -- excuse me -- our prioritization of effort is a little bit different.

So that was employment and training. I get my slide to move. There we go.

For contracting, we have a separate set of priorities of effort. So our first priority is to try to include Section 3 business concerns, and those would be Section 3 business concerns that are providing opportunities for residents of that project where the project -- where the financing or assistance is being invested.

We would also look to then -- secondarily, to Section 3 business concerns that were providing economic opportunities, again, for other public housing projects or Section 8 assisted housing.

And then, as we talked about on Section 3, then looking to YouthBuild programs and also then the Section 3 business concern, essentially doing outreach to that overall area.

So when we look for documentation of that, following that prioritization of effort, we would want to see that our top priority is the actual residents. So we would be looking to see that that Section 8 business concern -- we're looking to try to contract and reach out to Section 3 business concerns that we're serving in that area.

I will mention as far as best efforts, if you look in the regulations, there are examples in the regulations. So at 24 CFR 75.15 and also at 75.25. And so, this lists those sorts of efforts, things like targeting advertising for employment and training opportunities directly to the public housing residents, maybe working with residence councils. We might be posting things in public areas in -- on that property. We'll be talking more about that as we go along.

So keep in mind -- and we will keep mentioning this also, that those -- that prioritization of effort also needs to be consistent with existing federal, state, local laws and regulations. So in your community, it is possible that you would have a restriction that would block you from doing some kind of direct outreach. So make sure that you follow that overlay of federal, state, and local requirements.

All right. So that we talked about for public housing assistance. Now, we're going to look at HCD funds, housing community development.

So our top priority here is for Section 3 workers residing within the service area or neighborhood of the project, and this is for employment and training. So that goes back to yesterday Andelyn was showing you the graphic based on population, that in some cases that service area might be larger when you're a non-urban area, and we need to make the service area large enough to have at least 5,000 in population. So our prioritization of effort would match what that service area was for the project.

And then, secondarily, participants in a YouthBuild program. And so, some of you may have local or regional YouthBuild programs that could be part of that prioritization of effort. In other cases, you won't have that in your area.

For contracting -- and again, it's -- this is to the greatest extent feasible -- our first priority is going to be for Section 3 business concerns that are providing opportunities to residents in that service area. And then, again, secondarily, our priority is for YouthBuild.

So kind of the key difference here is public housing is going to be looking at -- specifically at the project site or residents of that project site or residents of other projects versus, when we're talking about HCD, we're simply looking at that service area that has been designated for that particular project.

All right, so that's our prioritization of effort for both HCD funding and also for the public housing assistance.

So we're going to be seeing this slide numerous times and kind of filling it out a little bit more as we go. So we talked about the fact that when you have a combination of public housing assistance and HCD funds, there's a policy decision to be made on that.

So the PHA always has to follow Subpart B, but where we have this combination of HCD funds and the PHA funds, the HCD funds can choose to align with PHA and go ahead and follow Subpart B, or they could choose to follow subpart C.

And the reason that this is important, when we talk about our definition of a targeted Section 3 worker, it is different between Subpart B and Subpart C, and also the prioritization of effort that we just went through is different between Subpart B and Subpart C.

So we've kind of mentioned that the best practice might be to simply say, we're going to go ahead and follow Subpart B so that it is all consistent. So when we're going to that contractor and asking them to report, let's say, on their prioritization of efforts and the outreach that they had done, that we would be using one definition rather than two.

For projects that have multiple sources of funding but they're all HCD funding, then we're always going to be following Subpart C, but we also know that we will then be applying the threshold test on that.

So public housing doesn't have a threshold test, but for HCD, Section 3 is only going to be triggered for projects that exceed the \$200,000 threshold. If there are lead housing -- lead hazard funds in that project, then there's a separate threshold, and that would be in excess of \$100,000. So those would have to be applied and reviewed in cases where you have multiple funding sources together for projects.

All right. So at this point, we're going to open up our polls and do a knowledge check. Andelyn, I see you're on camera. Do you want to say anything before we go into that? Nope? All right. So let's pull up our first question.

So our first question is, do the benchmark requirements only apply towards new hires? Yes or no?

All right. So most folks got this. Looks like everybody that answered got this right. So that's kind of the key change between the old rule, the Part 135, and the new rule Part 75, is we're now really looking at that overall workforce. We're not just looking -- concentrating on new hires.

All right. Our second question. HUD will review and update the benchmarks by Federal Register notice no less frequently than -- and here are our options -- every year, every three years, or every 10 years.

Great. Everybody got that right. So it is every three years. And we talked about the fact that right now we have a single nationwide benchmark for Section 3, but there is the option for them to -- in future updates to establish multiple benchmarks that could be based on geographic differences or based on type of project. And so, that would be done based on the information that they're gathering on compliance for projects going forward.

All right. Our next question. Section 3 is subordinate to all other existing federal, state, and local laws and regulations. True or false?

So this is true, and we had some folks that got this one wrong. So the key here is that you still have to comply with your state, local -- state, federal, local laws. And so, that's why we keep using this statement of to the greatest extent feasible.

So you might have a local or a state regulation that would block you. Maybe you can't ask someone about income levels, and so, it would block you to some extent from some of the outreach that you might do as part of that. So keep that in mind that, yes, you do need to follow the overlay of other regulations that would apply.

All right. Next question. A recipient receiving public housing financial assistance and their contractors and subcontractors must make their best effort to follow the order of priority as detailed in the Final Rule only for employment and training opportunities. Is that true or false?

So that's false, and the reason it's false is, when we looked at the prioritization of effort on both public housing assistance and HCD, we had two slides. One was for jobs and training opportunities, and one was for contracting. And so, it's not just for jobs and training opportunities, but it's also for contracting.

All right. With that, I'm going to turn things over to Andelyn.

Andelyn Nesbitt Rodriguez: All right. Thank you, Les. So now, we're going to go into Module 2, plan and implement.

So in this module, we're going to cover the purpose and components of the Section 3 plan, considerations for hiring eligible and qualified Section 3 and targeted Section 3 workers, as well as considerations for contracting with eligible Section 3 businesses.

We're going to cover how to recruit Section 3 workers and Section 3 business concerns. We'll also cover the certification process for Section 3 workers and businesses, and we'll share some contracting and procurement tips to help achieve Section 3 compliance.

So while the rule does not require recipients to have a Section 3 plan or policies, HUD views having them as a best practice that will aid recipients in complying with Section 3 requirements and achieving Section 3 goals.

The purpose of the Section 3 plan is to help grantees and their subrecipients, contractors, and subcontractors comply with the Section 3 requirements. It's intended -- the Section 3 plan is intended to serve as a guide for grantees through the implementation of the Section 3 requirements.

And a Section 3 plan contains processes and procedures that grantees can utilize to achieve Section 3 compliance and to meet those Section 3 goals. So a Section 3 plan may include policy statement, for example, a city council resolution in support of the purpose of Section 3.

It can include the actual purpose of Section 3. It can include Section 3 goals and safe harbor benchmarks, that 25/5 percent as identified earlier in the training. It can include an outline of the recipient, contractor, and subcontractor requirements and responsibilities, certification procedures for workers and businesses, reporting deadlines, and also complaint procedures. All of those things can be valuable components of a Section 3 plan.

There are several key strategies that recipients may want to consider when developing their Section 3 plan. So recipients want to ensure that the plan development process is inclusive. Recipients want to consider creating a steering committee or advisory group made up of a variety of diverse stakeholders to help drive plan development.

Stakeholders could include intended beneficiaries, like the low and moderate -- low and very low-income workers seeking employment and training, businesses seeking contracts, fellow staff members who play vital roles in achieving the Section 3 compliance. Beneficiaries could include community advocates, business organizations, and workforce development training providers like educational institutions and other training providers you may end up partnering with.

Recipients should also consider local, state, and federal procurement requirements while developing the plan. And action, this could involve collaborating with your organization's procurement officer to help develop the plan and procurement policies, and I can't stress that enough. Getting your procurement officer or procurement folks involved early on the front end when you're first developing your plan is really going to be helpful here.

Recipients may also want to consider assigning a specific Section 3 coordinator, one person just to manage, support, and facilitate an effective Section 3 program, whether that's their whole job or a part of their job, for them to be the Section 3 coordinator. A Section 3 coordinators should understand program requirements, and they should be able to communicate requirements to stakeholders effectively.

Lastly, of course, your local HUD team in the field is available for assistance in connecting relevant partners. They can share best practices, help you understand your obligations, and just overall assistance in implementing your plan. So lean on them for TA whatever you need.

All right. So effective Section 3 plan implementation includes preparation, consistent communication, and coordination. In the preparation phase, recipients should consider preparing plans that clearly articulate their policies and procedures.

Effective implementation also includes consistent communication with subrecipients, contractors, subcontractors, the intended beneficiaries, and internal and external partners of your organization. This is going to be a key to compliance.

Coordinating with internal and external stakeholders is also important -- an important implementation strategy. So for example, an external strategy would be to coordinate with educational institutions and prepare perspective Section 3 workers for future Section 3 opportunities. So essentially, building a pipeline of qualified workers. External partners can include four-year institutions, community colleges, workforce development, or vocational training providers.

All right. And we are here at exercise two. I believe we're going to see a pop up in just a moment to go to your breakout rooms. And remember to have fun with this and be engaged and have fun.

All right, everybody, and welcome back to the main room. Let's go through these questions. Les, who from your group will be reporting out? Oh, I think you're on mute, Les.

Les Warner: There we go. Yes. Stephanie from our group was the brave one who volunteered. And so, we were asked a series of questions here. So the first question we were asked was thinking about what elements needed to be included in the Section 3 plan. Stephanie, what did the group come up with on that?

Stephanie: Well, we came up with several things for the new plan to represent 75 instead of 135. So we wanted to look at an overview of the plan that essentially would include the overview, also benchmarks defining what a Section 3 and a targeted Section 3 worker is formed on reporting, how often to report, repercussions of not reporting prioritization of effort, roles and responsibilities.

Also contract provisions and language, involvement of the legal team, the procurement team, and also to consider the size of the agency to see how you would involve your internal as well as external partners, and also to revise the plan frequently, which I guess would be anywhere between one and three years to go ahead and just revise that plan to reflect what's needed based on the organization and the scope of their services. So that's what we got.

Les Warner: Great. Thank you, Stephanie. So really, we were trying to put together a document that we could share with all of our other partners to make sure they understood what Section 3 was about and how it impacted each one of those. So all the basics but then also the forms, the

what -- what do we expect each one of you to do and when, trying to fold that into our Section 3 plan. I think that's -- that probably covers it. Andelyn, anything you want to add to that?

Andelyn Nesbitt Rodriguez: No. No. I'm good. That was great.

Les Warner: Okay. All righty. Then I will turn it back over to you.

Andelyn Nesbitt Rodriguez: All right. All right, guys, and here -- throughout the training, we're going to be offering some sample documents. This is the first. This is our sample Section 3 plan, and this should have come in the email earlier today.

This tool is intended to be a sample plan to guide grantees through implementation of Section 3 requirements. Again, while the Final Rule doesn't require Section -- recipients to have Section 3 plans or policies, HUD does view having them as a best practice, and it's really going to help you in reaching compliance. Okay. That's just an overview, a screenshot of what that looks like there.

Okay. Now, we're going to walk through items that recipients may want to consider for hiring, recruiting, and certifying eligible Section 3 workers and focus there on eligible Section 3 workers. We're going to talk about targeted Section 3 workers. We're going to talk about businesses in a little bit, but right now, we're just focusing on hiring, recruiting, and certifying eligible Section 3 workers.

So first, we're going to discuss the best practices for hiring and training prospective workers according to the order of priority listed at Part 75.9 and Part 75.19. Les reviewed that earlier this morning, if you recall the pyramid shaped illustrations on the slide. That was the order of priority.

We're then going to walk through recruitment of Section 3 workers and targeted Section 3 workers. Then we'll discuss certification of Section 3 workers and targeted Section 3 workers.

All right. So developing an effective recruitment process is another implementation strategy that recipients should consider. Advertising, employment and training opportunities is key to recruiting eligible Section 3 workers. Recipients should consider innovative ways to reach intended beneficiaries. For example, newspaper ads might not be an effective tool in your area, but social media might be.

A few examples of advertising include advertising employment opportunities on the HUD Section 3 Opportunity Portal. Building relationships with resident organizations can also be really helpful. Residents could ask them to share information through their peer networks.

Leveraging your organization or agency's website could be a really, really good example, like creating a section Section 3 page on your website. Advertising opportunities on social media, Facebook, Instagram, and Twitter also really good ways of advertising there.

Networking and building partnerships with key community stakeholders is also a really important strategy. For example, you can hold an annual Section 3 training event or job fair. This

is part of the qualitative efforts that you can make. You can offer opportunities to network with intended beneficiaries and potential Section 3 businesses at that job fair. It also may be a good idea to contact organizations and agencies that are tapped into the economic development networks in your community.

Section 3 regulations list the type of evidence workers may submit for eligibility to be certified as a Section 3 or targeted Section 3 worker. Effective Section 3 program implementation requires a process to identify eligibility for Section 3 workers and targeted Section 3 workers.

So a Section 3 worker certification form is the vehicle that recipients can use to determine eligibility. A Section 3 worker certification form is what you want there. It incorporates basic information such as name, address, phone number, email, or other means of contact. It includes sources of income. It includes participation in public assistance programs, income, education, work experience, and skills.

And just to clarify once more, when you are certifying Section 3 or targeted Section 3 workers, you're using individual income, not household income. I want to keep saying that because I know I was used to using household income, and in this situation, you use individual income only.

To assist organizations in meeting their Section 3 benchmarks and providing an avenue for potential workers to seek employment, HUD created a web-based database called the Section 3 Opportunity Portal to support information exchange between potential workers, businesses, and Section 3 recipients.

The Section 3 Opportunity Portal has recently been upgraded. So previously, HUD had two separate online systems for Section 3. There was the Opportunity Portal and the business registry that both supported matching workers, businesses, and Section 3 recipients to employment, training, and contracting opportunities.

As of November 16th of this year, so just a few weeks ago, the business registration -- registry has been deactivated and information has been integrated into the Opportunity Portal. So now, all matching both employees and businesses will occur on the Opportunity Portal.

What does the current portal do to support recruiting activities for Section 3 workers? So first, workers can post their resumes. They can create individual profiles detailing such things as their work status, their availability, their skills, their employment history, the type of work that they're looking for. And this is a screenshot on this slide of that Opportunity Portal.

These profiles will help businesses search for eligible workers to fill positions. So for example, a quick search for profiles in California yielded quite a few potential employees, as you can see on the snippet on the right.

So second, a potential Section 3 worker can search for jobs and training opportunities that employers post on the portal. So they can create their profile and be searchable, or they can go and search for positions on the portal.

For example, in the screenshot provided on this slide, based on the search in the Los Angeles area, an employer posted an opportunity for a drywaller. Search components on the Opportunity Portal are not just based on location -- location based but also allow for keyword and filtered searches.

The opportunity uses login.gov. If you've never heard of it, it's a shared service. Allows users to create one login to simply and securely log into federal websites. All right. Creating a login does not screen users for Section 3 eligibility. Anyone can create a login.

All right. So now -- earlier we talked about recruiting Section 3 workers. Now, let's talk about certifying those Section 3 workers that you've recruited.

So as we mentioned earlier, the Section 3 worker certification form is the vehicle that a recipient would use for the purposes of determining eligibility. Recipients are required to maintain documentation and ensure that a subrecipient, contractor, or subcontractor that employs the worker maintains documentation to ensure the worker meets the definitions at the time of hire or in the first reporting period.

Worker certification falls into two categories, Section 3 worker and Section 3 targeted worker.

So one of the following types of documentation must be maintained to qualify as a Section 3 worker, and we're going to discuss the certification of a targeted Section 3 worker on the next slide.

But as far as certification of a Section 3 worker, there can be self-certification. A worker can self-certify, stating that their income is below the income limit, and you use the corresponding limits from the same calendar year as the income was earned in order to do that. A worker can self-certify participation in a means tested program such as public housing or Section 8 assisted housing.

Other certifications include a certification from the Public Housing Authority, the owner or property manager of project-based Section 8 housing, or the administrator of tenant-based Section 8 housing that the worker is a participant in one of those programs.

An employer can certify that the worker's income from the employer is below the income limit, when based on an employer's calculation of what the worker's wage rate would translate to if it was annualized on a full-time basis. Or the employer can certify that the worker is employed by a Section 3 business concern. So any one of those certifications must be maintained on the Section 3 worker there.

All right. And if you recall from yesterday our little icons that separate the things that are different, there are not so many, but there are some things that are different between public housing and housing and community development assistance. And here's where we're going to run into one of them.

So certification of a targeted Section 3 worker is different based on whether the funds are public housing or housing and community development.

So under Subpart B for public housing assistance, acceptable certifications include a worker's self-certification participation in public housing or Section 8 assisted housing programs, a certification from the Public Housing Authority or owner or property manager of project-based Section 8 assisted housing, or the administrator of tenant-based Section 8 housing that the worker is a participant in one of their programs.

An employer can certify that the worker is employed by a Section 3 business concern, or a worker can certify that they are a YouthBuild participant.

Under Subpart C for the housing and community development assistance, acceptable certifications include an employer's confirmation that the worker's residence is within the service area. If you recall from yesterday, we talked about the service area being that one-mile radius of the project site that encompasses at least 5,000 people. And if 5,000 people are not encompassed in the one mile, then enlarging that radius until you get to 5,000 people.

An employer can certify that the worker is employed by a Section 3 business concern, or a worker can self-certify that they are a YouthBuild participant.

So if you'll notice, on both of these to certify a targeted Section 3 worker, an employer can certify that they -- that the worker is employed by a Section 3 business concern or a worker can self-certify that they are a YouthBuild participant. The difference comes in, either they're -- live in public housing or Section 8 housing or tenant-based housing or public housing, or that they live in the service area of the project for housing and community development projects. So I hope that that distinction is clear there.

All right. And now, we're going to get to another tool that we've provided. This is a sample self-certification form, again, the vehicle that you use to certify Section 3 workers and targeted Section 3 workers. And again, this should have been -- hopefully, you got this in the email earlier today.

This tool is intended to be a sample form and to help grantees certify and track Section 3 workers and targeted Section 3 workers seeking certification or preference in employment.

All right. Now, I think it's time for questions and answers. Les, do we have any --

Les Warner: Yeah. And I just wanted to quickly note that it's our understanding that the links for these tools will only probably be active for a few days after the training. So again, we really recommend that you capture some of these tools for later consideration while they're available.

So we don't have a lot of questions in the hopper at the moment, but let me mention a couple of these that are in.

So we have a couple of questions about, are we going to be covering the specifics about the different reporting systems on reporting our accomplishments on that?

And so, that's a large part of what tomorrow is, and we'll be going through with each of the programs the systems we'll be using and we'll be showing you some screenshots and kind of walking you through what that process would be on reporting. And that would include thinking about the timing and frequency, when reporting starts as part of that.

There also was a question about, is there a training that they could refer staff to for the SPEAR system?

And so, you'll be learning tomorrow that for the public housing assistance, that the reporting is actually going to be using a new portal that will be released, be open in time for the public housing agencies to be reporting into. Everything else is going to be reported through the system you're already working in where you're setting up funding, committing funding, reporting, drawing down, and also reporting on who was served and your accomplishments and outcomes. So we'll go through that tomorrow as part of that.

So there was a question here about, does a business looking to become Section 3 certified need a self-certification from each worker, or can the business go by their payroll records?

So I just want to back up a little bit here. Let me make myself the presenter so I can get to the top here. Oh, I am. There we go.

All right. So if we look back at -- let's go to slide 30. This will make you blind, going the wrong way.

If we look back at Slide 37, when we talk about certifying Section 3 workers, we have a couple of ways to be able to do this. So if we have a Section 3 business concern -- see if my little -- no. I don't think I have the marker.

So the last option here, an employer certification that the worker's employed by Section 3 business concern, so, this is kind of the magic bullet here that, when we certify the business itself and we talked about -- and we will actually will have a sample form on certifying Section 3 business concerns. It's going to be based on that criteria we talked about on ownership, either based on 51 percent ownership and control by a public housing resident or a low-income person. But the other option on that was that 75 percent of the work completed in the last three months was -- had been completed by workers that qualified as Section 3.

And so, in that case, once the business itself has been certified, then all we need to do to certify a Section 3 worker is to be able to certify that this worker works for that certified firm. So you don't actually have to then look at that individual -- each individual worker's wage rates. We're able to make that presumption, essentially, because at least 75 percent of the labor hours completed in the last three months was part of the criteria for that business to be certified.

That really streamlines the ability. So we're essentially going to presume that their workforce is going to qualify. And so, that's part of the reason that the more we can do to try to recruit and identify potential Section 3 business concerns, not only does it further the goal of the program, but it also would streamline your efforts in trying to gain compliance for this.

So I just wanted to point out why we had this slide up. So some of the common questions we have is thinking about, well, how am I going to do the certification?

And this slide gives you what those options are. And we just shared a sample form that could be used for a self-certification that you would provide to the individual worker. And that's certainly one of your options, but I think, generally, when an administrator has multiple options, they're going to usually try to figure out which one is the most efficient, less -- least administrative burdensome on this.

So my thought at least would be that, since an employer is able to certify that worker's income based on their wage rate, as long as it's been converted or annualized to a full-time basis, that's probably going to be much simpler than going to each individual worker. But I think that's one of the conversations and maybe strategies that needs to be discussed on what's our methodology.

And I'll just throw this out that we've had some good discussions with some of our training groups thinking about, how do I best explain this to contractors, subcontractors in a way that doesn't make them want to say, I don't want any part of this, and I'm -- there's -- I've got lots of other opportunities for work.

And so, we want to make sure that we maintain that competitive environment. And so, making sure that we are able to roll out the new Section 3 requirements and make them as understandable and as simple to implement as possible for all parties will help to keep all those potential competitors in the market with us competing for our projects.

And so, I think that's one of the goals on our Section 3 plan and thinking about our recruiting efforts is making sure that we have a good message and a good clear message to help folks understand how does this apply to me? What will I need to do? Is that going to be difficult, or is this something that's really pretty workable?

All right. So we have a question from a housing authority asking how they're -- how they're supposed to implement the new benchmarks when the HUD standards, terms, and conditions that vendors are required to sign in the contract process still refer to the old regulations and that's a HUD form that they're required to use.

Well, I can't answer on behalf of HUD on this. Clearly, there are some things that need to be updated on this, and so I would recommend you work with your HUD representative on how to deal with this in this transition.

I know that in a lot of categories, there are a lot of things that are in the works, being updated and released, and one of the things we'll be talking about at the end of the training tomorrow is keeping an eye on the HUD Exchange on the HUD.gov Section 3 page for updates on this. But

as you identify things that may be a problem on this, I would recommend you go back to HUD and ask that question.

So our last -- I think our last question in the hopper at the moment is, "Can contractors certify existing employees as Section 3 workers?"

Absolutely. So we have two options for that existing workforce. First, we would be looking at their current wage and determining whether they qualified based on the wage. But again, we've got this list of options under -- on the slide I'm showing of we could be based on the fact that they've already been means tested by another entity. The employer will have wage information for that individual. So they may be able to do that, but again, it also might be that, if you're a Section 3 business concern, that you wouldn't even have to go to that process.

So we have -- our options on the income is based either on their current wage rate or if they were hired -- and in this case, we can only look back to November 30th of 2020. But if their wage at the time that they were hired is -- would have qualified them, then we can certify them based on that sort of look back.

When we get to, I think, 2026, if I can do math in my head, that we will actually have that full advantage of looking back five years. But at this case, we can only look back to that November 30th, 2020 date. And so, we could have a worker that at their initial wage would have qualified, and now they have a higher wage. That's great. We'll still be able to qualify them as a Section 3 worker and be able to then count them for up to five years from the point that they were certified.

So yeah. I think that'll be one of the key steps, and we'll be talking about that in contracting, is asking bidders to take a look at their workforce and identify what they think would be potentially qualifying workers, to have an indication of how they will be able to help meet the requirements.

All right. So we're going to move forward. I just need to readjust the slides here. Let's see if that gets us to where we want to go. Yes.

All right. So I want to talk a little bit about some of the actions, and actually --

Andelyn Nesbitt Rodriguez: Want me to take this part?

Les Warner: Yeah. Please do.

Andelyn Nesbitt Rodriguez: All right. Can you make me the presenter?

Les Warner: I probably could. Yes.

Andelyn Nesbitt Rodriguez: Awesome. There we go. All right. Thank you, Les.

All right. So now, we're going to go into contracting. We just got done discussing recruiting, hiring, and certifying Section 3 workers and targeted Section 3 workers.

So now, let's switch gears and walk through items that recipients may want to consider for recruiting, certifying, and contracting with eligible Section 3 businesses. Okay. So the question that was asked about businesses looking to become certified, I mean, was right on time, because that's exactly what we're talking about in this section.

Well, first, we're going to dive into best practices for recruiting Section 3 business concerns. Then we're going to discuss certification of Section 3 business concerns, and then we'll end the module with discussions on items to consider when contracting with contractors to achieve compliance.

Note that for contracting, the requirement in the Final Rule is to make the best effort to award contracts and subcontracts to Section 3 business concerns. Safe harbor benchmarks, according to the percentage of contracts, are no longer -- no longer exist.

Remember to consider the order of priority. Remember the pyramid shaped slide that we went through earlier. That's in Part 75.9 and 75.19 that Les discussed earlier. If you'll recall from earlier, as a recipient you'll need to certify that you and your contractors and subcontractors did follow the order of priority, where feasible, when providing training and employment opportunities.

So many of the items that were discussed earlier related to the recruitment of Section 3 workers apply here as well. So I won't go through all the same items that were listed.

Recruitment practices of Section 3 business concerns may include advertising contracting opportunities to Section 3 business concerns by promoting the Section 3 contracting opportunities on the Public Housing Authority or your local government website or directly advertising to businesses that employ Section 3 workers.

Networking and building partnerships. We mentioned it before, but again, it's a really key part of advertising. An example, again, is hosting annual Section 3 trainings or job fairs and bringing those people together. Using the tools that exist to your advantage, such as HUD's Section 3 Opportunity Portal. Also, very good thing to do here.

Another opportunity for recruitment is through capacity building efforts. So you can -- again, I keep saying it -- hold hiring fairs. I just think that's a really good thing to do. You can partner with local business start-up groups and business incubators. You can educate local unions on Section 3 and create -- and the creation of apprenticeship programs with those local unions. You may want to consider implementing a resident develop -- a business development initiative or a business incubator to support Public Housing Authority resident entrepreneurship. So lots of good ideas there to help with capacity building.

All right. And earlier today, we introduced the HUD's Opportunity Portal and its functionality for workers. With the recent upgrade, the portal can be fully used by agencies that receive HUD funds, by developers, contractors, and by others to facilitate the award of certain HUD funded contracts.

As I stated earlier, prior to the upgrade, HUD maintained two separate systems. There was the Opportunity Portal and the business registry. But as of November 16th, the business registry information was all integrated into the Opportunity Portal. And now, the Opportunity Portal is your one-stop shop for all of that. It allows users to access and edit their business registry profiles, create and edit new opportunities, and you can search job applicants all in one portal.

So as far as that integration that we just talked about, the way that it may affect users, if you were already on the business registry. So businesses who had registered on the business registry since July 30th, 2021 or have reregistered since July 31st, 2021, that was all integrated into the Opportunity Portal. So if you have registered your business on or after July 31st, 2021, then your information should be on the Opportunity Portal. And I do recommend that you go and search and make sure that it's there and it's correct.

To confirm that that happened successfully, access the Opportunity Portal. Create a login.gov account, if you don't already have one, and use the email that you use to registered your business initially to confirm that your information is there and it's accurate.

For businesses who had registered before July 31st, 2021 and didn't reregister, their businesses will not be found on the Opportunity Portal, and you'll need to go ahead and add a -- go into the Opportunity Portal, click add a business, go ahead and register your business on the Opportunity Portal from there.

And if you know of businesses in your area that are Section 3 businesses, I encourage you to encourage them to go ahead and register because the more folks are on there, the more it's built up, and it will just take off on its own as a really good tool to help meet Section 3 guidelines.

So now that we've discussed the integration process, let's talk about how the revamped Opportunity Portal specifically serves Section 3 businesses and Section 3 recipients.

First, I want to point out that, when a user clicks on the "i"s, on those little "i"s there on the home screen, it provides applicable definitions. So it's an information, and that will pop up, an information button. Or Section 3 business users can see the definitions there, determine if they qualify, and if so, go ahead and create an account, select employer, and register your business with that account.

Grant recipients can create employer accounts to post jobs or contracts opportunities, but you don't have to register your organization as a business. So you don't have to say you're a business if you're not, but you can still log on and register and be able to post your opportunities to the portals. Hopefully, Section 3 businesses are checking, and that's one way of connecting everybody.

All right. Second, users can search for businesses interested in Section 3 projects and contracting opportunities. So there are different criteria that you can select to narrow down your search, just like we kind of showed you before.

This is a different screenshot, but on this screenshot, there was a search in the Los Angeles MSA, Metropolitan Statistical Area, for a general contractor. Various business matches with the search term came up and were pertinent information that appeared. Note that, while HUD maintains the Opportunity Portal, it doesn't verify the information submitted by the business, and it doesn't endorse the services that they provide. So this is extremely important. This is a way of connecting everyone, but you still, as the grantee, are responsible for verifying the information and finalizing certification.

Okay. And here is an example of just searching for contracts. Just another screenshot to try to help you navigate that Opportunity Portal, which we hope is user friendly and easy to navigate.

All right. So now, certification of a Section 3 business concern. To qualify as a Section 3 business concern, one of the following must be documented within the last six months.

So your business must be 51 percent or more owned and controlled by low or very low-income persons or over 75 percent of the labor hours performed for the business over the prior three-month period could be performed by Section 3 workers. That would also qualify you for certification, or if 51 percent or more of your company is owned or controlled by current residents of public housing or Section 8 assisted housing, that is another way to qualify your business as a Section 3 business concern.

Business concerns may self-certify to claim that they meet the requirements as defined in the regulations. For businesses bidding on a Section 3 activity or a project, recipients should require a self-certified Section 3 business concern to submit some type of certification during the bidding and contracting process. So before you let that contract, you should absolutely have the backup documentation to go along with that self-certification.

The determination of certification of the Section 3 business is made in the initiation stage of developing a contract or a subcontract and prior to its execution. Information submitted by businesses must be verified for Section 3 compliance, again, before awarding any contracts or subcontracts. Once a business is certified as a Section 3 business concern, it will retain that status for as long as it continues to meet that definition that's found in 24 CFR Part 75.5.

Recipients may want to consider maintaining a list of Section 3 business concerns. That's a great practice. Just having your own list that you can continue to go through and advertise -- fairly advertise opportunities.

So this is another tool. Again, it's intended to be used as a sample form to help grantees certify and track Section 3 business concerns seeking preference in contracting, and this is a Section 3 business concern certification for contracting, a sample form.

All right. And at this point, I'm going to go ahead and turn it over to Les.

Les Warner: All right. Thank you, Andelyn. Transfer control. All right.

So now, we're going to talk a little bit about how to, essentially, communicate and manage this with contractors, and we have some kind of key points in the process where you may want to think about incorporating some standard procedures to be more effective with Section 3. And particularly, this is a point where we have changed. So we have this added burden of making sure that all of our partners have been brought up to speed with what the new requirements are.

So some of you may require a pre-bid conference. We a lot of times see pre-bid conferences being mandatory when we have a more complicated project. Maybe we have a historic site that has a mitigation plan, or for some reason or another, we need to make sure that all parties are in this -- all potential bidders fully understand the details before completing a bid.

And so that may be a way to communicate in that pre-bid meeting about what the Section 3 requirements would be, the fact that we're going to be seeking as part of those bids information about Section 3 compliance, and doing kind of a quick mini training for bidders on what the new Section 3 requirements are and how that impacts the work that they will be doing.

Another thing you could do would be to incorporate into your bid and offering proposal process would be require bidders to include in their proposal an estimate of the total labor hours they expect for that project and then to identify the Section 3 workers and targeted workers that they expect to generate from that contract.

And so that could be looking at their existing workforce, as we talked about, and determining how much of their existing workforce will qualify as a Section 3 or targeted Section 3 worker. Also thinking about the subs that they're going to use, the subcontractors on that, and they may be able to, as part of that, specifically recruit subs that are going to help them meet those benchmark requirements. With that, we also might ask for an estimate of the new hires and the subcontracting that would be part of that project.

At the contract award stage in that project and really prior to the execution of that contract, we could be asking contractors to provide a list of the workers and the contractors that are expected to work on that project. If new hires are expected as part of that, they -- you could be working with them to help them identify potentially qualifying Section 3 workers.

We talked about the Opportunity Portal and the fact that we can use that -- excuse me -- as one of our resources to make those connections. You might also have some local resources where you've got a workforce development program or a technical school that would help identify and create those linkages when there are job opportunities. We talked about our prioritization of effort, trying to help identify and link potential workers to those job and training opportunities.

Also, as part of that, you could be providing contractors with a list of potential Section 3 business concerns. That could be from a list that you were building over time internally. It may be using the tool that Andelyn was just talking about on the Opportunity Portal. In some cases, in your area that may have quite a bit to offer you. At the moment, it might be that that's going to need to be built out over time. That might be one of the things that you encourage or perhaps require contractors to use the Opportunity Portal to list job opportunities, contracting opportunities on that, and also use it to try to identify potential partners on that.

And then lastly, and I would think a lot of you are already doing pre-construction conferences, particularly where we have projects that include things like Davis-Bacon requirements, including then the Section 3 as part of that pre-construction conference agenda, going back over the requirements, the benchmarks, the roles and responsibilities that we expect from contractors, subcontractors on that.

If you have a Section 3 plan that you're using as a way of communicating, making sure that all of those participants are familiar with that plan. If you have a Section 3 coordinator that is the go-to person for Section 3 questions, having them participate in that pre-construction conference will help to get that project started off in a positive way where everyone understands what the requirements will be for that particular project.

So as you might expect, as part of not only communicating but also putting requirements in place that are enforceable, we need to make sure that there are contract provisions that have been included. They're going to -- they're going to differ a bit, whether they are part of public housing financial assistance or housing and community development assistance.

So we need to make sure that for public housing financial assistance, they include the Section 3 applicable language in contracts and agreements, and this would include requiring contractors to include the Section 3 applicable language when they are executing subcontracts and sub-agreements. So we we need these provisions to be passed down to our partners.

We also need that language to require contractors and subcontractors to meet the prioritization of effort that we talked about earlier. And keep in mind, we had separate definitions for that prioritization of effort for public housing assistance versus for the housing and community development.

So we're really making sure that, by passing on that language, those standard efforts that we expect them to complete, that we would be -- we would ensure that we were going to meet safe harbor, even if our benchmarks had not been completed. And so, we reference those compliance checks being at 75.9 in the regulatory language.

For the HCD, again, we need to make sure that the assistance includes -- for the contract provisions, includes language about the Section 3 requirements for any subrecipient agreement, and then again, that will need to be included for contractors for a Section 3 project.

And so, we need to make sure that subrecipients, contractors, subcontractors are going to meet that prioritization of effort. Those are listed for HCD at 75.19. And that's really regardless of whether that's been included in the recipient or subrecipient agreements. But we need to make sure that those contract provisions are in place.

As we mentioned in earlier discussions, folks have asked, are there standard provision language that has been provided? There is not at this point. So you need to look to the regulatory reference and work -- I would certainly work -- recommend that you work with your legal counsel to get those provisions in place and update and amend your agreements.

So let's talk a little bit about some of the best practices for trying to identify eligible businesses and -- as part of the contracting process.

So you, as the recipient of the HUD funding, are held responsible for meeting the Section 3 requirements. So it's really important that you're working effectively with subrecipients, contractors, subcontractors, that they all understand those requirements, and that we are trying to incorporate partners in the project that will assist us in meeting those goals.

So we've talked about the fact that a Section 3 plan is not required, but having at least policies and procedures laid out on what -- how you're going to implement this, providing copies to those partners, contractors identifying what their -- what none of the goals are but their roles and responsibilities.

Prior to executing contracts, we need to make sure that the contractors are not on the debarred list. Keep that confirmation in place. We would also want to be collecting the documentation for Section 3 business concerns, that they had qualified.

You might want to implement things like a utilization schedule so you know what trades are going to be on site and then be tracking reporting on progress on working towards those Section 3 benchmarks.

For coordinating and coordination, we talked about working closely with procurement staff, making sure that forms have been updated, that your bidding and proposal process is going to incorporate the current Section 3 requirements.

We talked about working with legal staff, trying to increase our communication on Section 3 in pre-bid meetings, pre-construction conferences. Andelyn mentioned about holding workshops for contractors as part of that. And then we also talked a bit about the Opportunity Portal. All resources for you.

All right. So before we go into question and answer, I just want to mention that, again, tomorrow we're going to have breakout sessions. So we really encourage you to take a chance and -- or take a little bit of time, maybe 20 minutes or so, and read through the exercises for tomorrow, and that'll help make tomorrow's sessions a little more effective.

So we've got a number of questions that have come in on the -- in our Q&A. Andelyn, any that you want to take first? And, Andelyn, I think you might be a mute.

Andelyn Nesbitt Rodriguez: Thank you. There was one question, "Are there any examples for penalties for noncompliance with regard to the vendors?"

Not that I have seen. I haven't seen any examples of penalties, but I will say this and I'm only going to say this this way because I've been asked a lot in other classes, well, if the contractor doesn't do it or -- then what happens or -- and I just want to make it clear that, unfortunately, the onus is always on the grantee, is always on the participating jurisdiction, or the PHA to get it done, to comply with Section 3.

So if there was a HUD monitoring and the benchmarks weren't met and the qualitative efforts weren't there, then HUD would -- that would come back on the grantee. And you could, of course, include penalties for noncompliance in your Section 3 plan, and you could -- that's a way of having some teeth with your contractors. But this -- it's always your responsibility to achieve compliance. Les, anything on that?

Les Warner: No. I think that was -- I think that was well handled.

So we had a question here about if there are no businesses that are registered in our area, and that certainly is a possibility. I think depending on what area you're in, when you look at the Opportunity Portal, it may have a lot to offer you as a resource or very little. And that's why I was mentioning that you might, as part of your standard protocol, try to either encourage or require contractors, subcontractors to use the Opportunity Portal to register, to post job opportunities. But also, you may be working on developing local resources.

So I mentioned things like, if you had a workforce development program or technical school or other entities that are already working with potential workers, that they could assist in not only identifying but also leading those folks to using the Opportunity Portal or helping them identify where there were opportunities for jobs training, also for contracting. And so, that might be built out over time.

In some communities I've heard folks say, well, they think there may be a -- sort of a good overlap between their existing lists for minority and women-owned businesses, or at least reaching out to those entities to see if they might be able to qualify as a Section 3 business concern.

So I think kind of thinking about what resources you have in your area and then including them in helping them understand what the new Section 3 rules were requiring, how they might be able to be an effective partner with you in that.

There was a question about, can I -- "Can you use a recently self-certified Section 3 business concern towards labor hours if the contract was signed before certification but before performing work hours on the project?"

So I think we are saying to -- we're suggesting at the point before the contract is signed, that that's a best practice in trying to capture that information. But I don't see a reason that, if you are getting that self-certification in place at the front end of that project, that you wouldn't then be able to say, okay. I've got a certified Section 3 business concern. So I'm going to be able to count that.

Keep in mind that that certification is looking at the last three months of the labor. And so, I would think that that's still going -- excuse me -- still going to be effective for you on that. Andelyn, any thoughts on that?

Andelyn Nesbitt Rodriguez: No. No. No thoughts on that. Great.

I do have another question that I want to get to after we finish with that, if it's okay.

Les Warner: Okay. I think we're done with that.

Andelyn Nesbitt Rodriguez: Okay. I know we're running a little low on time, but got a good question here.

"Our local college provides a workforce development. Using them has been a good resource for contractors for hire. Sufficient?"

And to that, I say that seems like a really good partner towards your qualitative efforts. I can't say if it's sufficient and all that you want to do to fulfill the purpose of Section 3. I think it's a really good partner, and I don't know how you're using them or what you're doing with them, but a local college that provides workforce development is absolutely a great partner to partner with towards making those efforts at -- the qualitative efforts.

Les Warner: I agree, and I think we've had folks that were concerned. Well, if I'm not somehow actively doing it myself or I'm not paying for someone to do it on my behalf, does it -- am I not able to count that? That's not the requirement. That's -- we're looking to make sure that those efforts were made and that we can document that. So I think that would count just fine.

Andelyn, any other -- I think that one must have come directly to you because it wasn't popping up in mine.

Andelyn Nesbitt Rodriguez: Oh, okay.

Les Warner: So we have one more. At least on my screen, we have one more in the Q&A box, and it's really interesting because it's the exact question that I was asking this morning in a conversation and I have routed back to HUD for verification.

So the question was, "If we have a contractor who markets and hires an unemployed resident, do you base their income on the fact that they're unemployed, or do you use the annual income they will be earning from this new position?"

And so, for those of you that have worked in things like CDBG economic development projects where we are hiring a low, moderate-income individual, that zero -- that unemployed person has zero income. Great, and they would certainly qualify. And we would then -- it might be that their new salary, as soon as they are hired, they will no longer be low income. But under the economic development program, it is counted.

The language that we have for Section 3 talks about that, when the employer is certifying, that they're certifying based on calculation of the worker's wage rate, and it's been annualized to a full-time basis.

So I have routed to -- back to HUD that question of, so must we use the wage rate? And a lot of our other language on Section 3 is about the actual wage rate versus, could our -- could that

Section 3 worker, could they certify that, when I was hired, I had zero income? I was unemployed.

So I hope we will have an answer soon on that. But that would be one that I would recommend keeping an eye on the frequently asked questions, and we'll hope that we'll get a clarification soon on that.

All right. So we've gone past our time. We've got at least one more question in the hopper, but we'll hold that for tomorrow's session. And so, come back tomorrow. We're going to be talking about the all-important compliance and reporting requirements and also doing exercises. So thanks, everybody, for your participation, and we'll see you tomorrow. Bye bye.