S S BREESS COOLER S S BUILDER OF MILLION STRUCTURE

Welcome to Day 3

Section 3 Final Rule Training Course



Using WebEx: Q&A Features & Breakout Rooms



Trainers

Break-Out Facilitators



Where are we at?



Module 1: Understand the Basics



Module 3: Program Oversight



Module 2: Plan and Implement



Module 4: Report & Evaluate



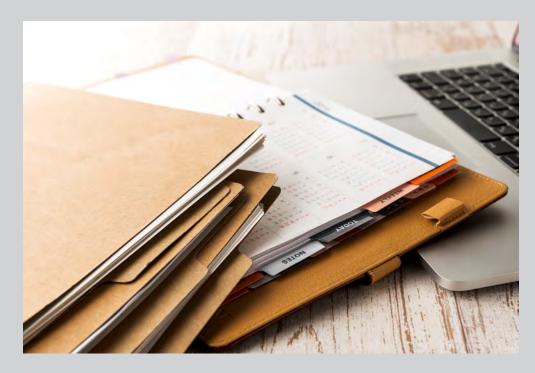
Materials – Day 3

Day 3 Presentation (PDF of Slides)

Tool:

 Section 3 HUD Compliance Review Checklist

Section 3 Exercises (Same document as yesterday)





Day 2 Recap

Safe Harbor Benchmarks focused on Section 3 & Targeted Section 3 Workers

 Recipient certifies they followed the required prioritization of effort and met or exceeded the applicable Section 3 benchmarks

Implementing an effective Section 3 program

- Development of a Section 3 Plan
- Use of HUD's web-based Opportunity Portal

Certification of Section 3 and Targeted Section 3 Workers and Section 3 Business Concerns

Importance of recruitment and capacity building efforts





Module 3. Program Oversight





By the end of this module, you will be able to answer the following questions:

- What are best practices for Section 3 program oversight?
- What information is needed to prepare for a HUD compliance review?
- What are the recordkeeping requirements for Section 3?
- What is the process for the filing Section 3 complaints?





Keys to Success

- Ensuring that safe harbor provisions and certification requirements are met (to the greatest extent feasible)
- Ensuring that contract provisions are included in subcontracts
- Monitoring subrecipient, contractor and subcontractor compliance
- Taking action to correct Section 3 noncompliance issues
- Clearly communicating recordkeeping requirements to contractors







Monitoring & Oversight



TIP: Consider developing and implementing a corrective action plan

Develop criteria to determine frequency of monitoring and criteria for conducting onsite and offsite monitoring



Number of complaints

Evidence or indication of potential noncompliance based upon reported data

Contractor's need for technical assistance

Projects or activities that have a generous amount of funding





Tracking Compliance

Develop procedures and implement a process for tracking subrecipient, contractor, and subcontractor compliance

Procedures may include:

Requiring subrecipients, contractors, and subcontractors to submit reports

Establishing a timeline for reporting (weekly, monthly, quarterly)





Streamlining Tracking: Davis Bacon & Section 3



Recipients can utilize certified payroll submission for Davis Bacon to track Section 3 compliance by:

- Total labor hours worked on project
- Section 3 labor hours worked on project
- Targeted Section 3
 labor hours worked





Preparing for a Compliance Review

HUD <u>may</u> conduct a compliance review of a recipient agency.









Result from several sources

May be random

May be initiated prior to the award of funding May be geographically dispersed



Knowledge Check





Recordkeeping Requirements







Provide HUD access to all records

Maintain Documentation

Follow Record Retention Requirements

Observe 5-year Reporting period



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Types of Records

- Records showing total labor hours worked by all workers
- Records showing labor hours worked by Section 3 workers
 and Targeted Section 3 workers
- Documentation of awarded contracts/subcontracts to business concerns that provide economic opportunities to Section 3 workers per the prioritization requirements
- Documentation outlining qualitative efforts made to meet goals/requirements
- Section 3 Worker, Targeted Section 3 Worker, and Section 3 business certifications



Section 3 Worker Records

One of the following must be maintained:

- 1. A worker's self-certification that their income is below the income limit;
- 2. A worker's self-certification of participation in a means-tested program such as public housing or Section 8-assisted housing;
- 3. Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;
- 4. An employer's certification that the worker's income from that employer is below the income limit when based on an employer's calculation of what the worker's wage rate would translate to if annualized on a full-time basis; or
- 5. An employer's certification that the worker is employed by a Section 3 business concern.





Targeted Section 3 Worker Records

One of the following must be maintained:



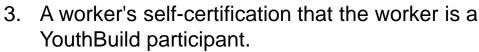
PH Assistance – Subpart B

- 1. A worker's self-certification of participation in public housing or Section 8-assisted housing programs;
- 2. Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;
- 3. An employer's certification that the worker is employed by a Section 3 business concern; or
- 4. A worker's certification that the worker is a YouthBuild participant.



HCD Assistance – Subpart C

- 1. An employer's confirmation that a worker's residence is within one mile of the work site or, if fewer than 5,000 people live within one mile of a work site, within a circle centered on the work site that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census;
- 2. An employer's certification that the worker is employed by a Section 3 business concern; or









Where to report a complaint?

- Responsible HUD program office, or to the local HUD field office.
- If complaint goes to Office of Field Policy and Management, it will be referred to the appropriate HUD Program Office.



Knowledge Check



Exercise

Let's head to the Breakout Rooms



Discuss the Answers





Tool: HUD Compliance Review Checklist



Section 3 HUD Compliance Review Checklist

An example of some records that recipients should maintain for a compliance review are:

Planning and Procedure Documents

- Copies of signed Consolidated Plan or Public Housing Annual Plan certifications/ assurances.
- Annual Plans or other performance reports (i.e., Consolidated Plans, Action Plans, CAPERs, PHA Annual Plans, Budget documents, etc.), to determine the beginning and end dates of the recipient's program or fiscal year and the dollar amount of covered projects/activities that were completed during the program or fiscal years under review.
- Recipient procedures for monitoring subrecipients, developers, contractors, and subcontractors for compliance.
- Descriptions of procedures used by the recipient, subrecipients, developers and contractors to verify the eligibility of Section 3 workers and businesses, to determine if these procedures are consistent with the regulation and to ensure that they do not create any undue burden to prospective beneficiaries.

Procurement and Contract Documents

- Procurement records, to identify the dollar amount of each covered contract awarded during the time span under review.
- Copies of bid solicitations, to ensure that Section 3 applicability is referenced.
- Contract documents, to ensure that they include a Section 3 clause in contracts awarded.
- Minutes, sign-in sheets, agendas, or other relevant evidence from pre-construction meetings, to determine if Section 3 requirements were discussed with prospective bidders. (g) Plans for meeting or exceeding benchmarks by recipients and contractors (i.e., contractors' proposals or business utilization plan).
- Lists of Section 3 business concerns that received contracts/subcontracts during the period under review. This information should <u>include</u>: name of contractor; address; telephone number; email address; contract amount; date awarded; and services provided.

Business and Worker Records

- Labor hour records of recipients and contractors, to determine the percentage of Section 3 workers and Targeted Section 3 workers in comparison to total labor hours.
- Lists of Section 3 workers and businesses maintained by the recipient, to determine the extent to which the recipient is attempting to provide economic opportunities to prospective beneficiarie
- Lists of Section 3 workers or Targeted Section 3 workers employed by the recipient and/or contractors during the period under review. This information should <u>include</u>: name of low- or v low-income individual: address: telephone number: date hired: position: and current sta



Module 4. Report & Evaluate





By the end of this module, you will be able to answer the following questions:

- What are the reporting responsibilities of recipient agencies?
- What system should be used for reporting Section 3 activities and efforts?
- What is the timeline for reporting Section 3 activities and efforts?
- What information should be reported?



PLAN AND IMPLEMENT

PROGRAM OVERSIGHT



	Systems	Program Areas		
e g ts	Integrated Disbursement and Information System (IDIS)/CAPER	 CDBG, including -CV HOME/HOME-ARP Housing Trust Fund ESG HOPWA 		
	Disaster Recovery Grant Reporting System (DRGR)	 CDBG-DR CDBG-MIT CDBG-RHP 		
	RAD Resource Desk	Rental Assistance Demonstration (RAD)		
	Healthy Homes Grant Management System (HHGMS)	Health Homes grantees		
	Newly developed Section 3 reporting portal	PHA funding sources		

Streamline Reporting Requirements

What are we reporting on?

Same data will be collected across programs for consistency



Difference will be how it looks when reported

Data Fields:

- Section 3 Labor Hours
- Nature of Recipient's Efforts
- Section 3 Compliance Summary

Final Rule Timeline

Legacy Projects **Legacy Projects:** Contracts executed or projects for which assistance or funds were committed prior to November 30, 2020

Requirement:

- Adhere to the old rule (24 CFR Part 135)
- Expected to maintain records but will no longer be required to report Section 3 compliance to HUD in SPEARS.



Final Rule Timeline

Transition Period **Transition Period:** Projects for which assistance or funds are committed between November 30, 2020 and July 1, 2021

Requirement:

- Adhere to the final rule (24 CFR Part 75)
- Expected to maintain records but will no longer be required to report Section 3 compliance to HUD in SPEARS.

Additional Clarification (CPD Notice 21-09)

 OBGA-Funded Projects: Report in IDIS or DRGR for open activities starting July 1, 2021.





PH

Reporting System

 PHA's will report in the newly developed Section 3 reporting portal that will be available upon the implementation of the new Section 3 rule, July 1, 2021

Reporting Systems & Timelines

Reporting Timeline

• PHAs' requirement to report their Section 3 activities and efforts starts 60 days after the end of their first fiscal year end (FYE) that begins after July 1, 2021

Fiscal Year End	New Reporting Period	New Reporting Period		
	Begins	Ends		
6/30/21	7/1/21	6/30/22		
9/30/21	10/1/21	9/30/22		
12/31/21	1/1/22	12/31/22		
3/31/22	4/1/22	3/31/23		





PH

Section 3 Reporting Portal

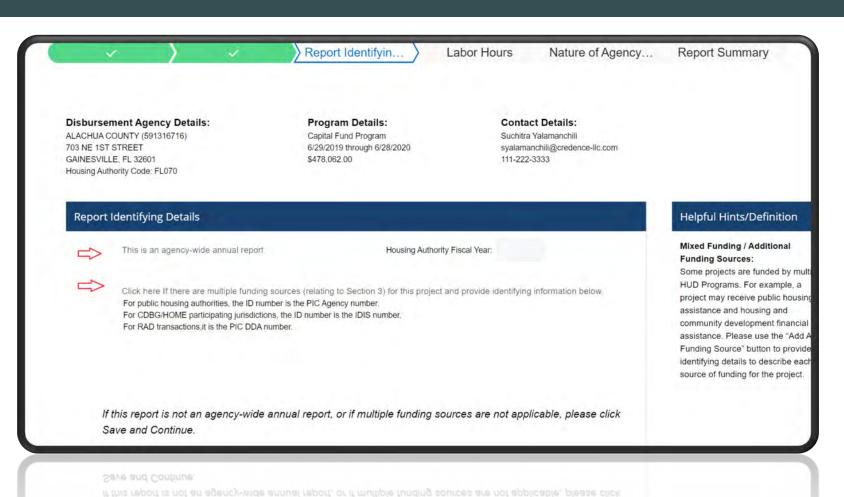
om	e Reports 🗸	Instructions	FAQs				
	~ >	Expected R	Reports Report Identifyin	Labor Hours	Nature of Agenc	y Report Su	mmary
ALAO 703 I GAIN	bursement Agency Detai CHUA COUNTY (591316716) NE 1ST STREET VESVILLE, FL 32601 sing Authority Code: FL070	ls:					
		Expected Report(s)			l ôt		
	Period	~	Program Area	~	Amount	Status	~
	6/29/2019 - 6/28/2020		Capital Fund Program (CFP)		\$478,062.0	0 In Progress	
	6/29/2019 - 6/28/2020		Resident Opport & Self Sufficiency	(ROSS)	\$913,532.0	00 Not Started	
	6/29/2019 - 6/28/2020		Service Coordinators for PH (SCPH) Public Housing Development Grants (PDEV)		\$32,415.00 \$322,253.00	00 Not Started	Not Started
	6/29/2019 - 6/28/2020	6				00 Not Started	
	6/29/2019 - 6/28/2020		Public Housing Development Gran	ts (PDEV)	\$322,253.0	0 Not Started	



Section 3 Reporting Portal







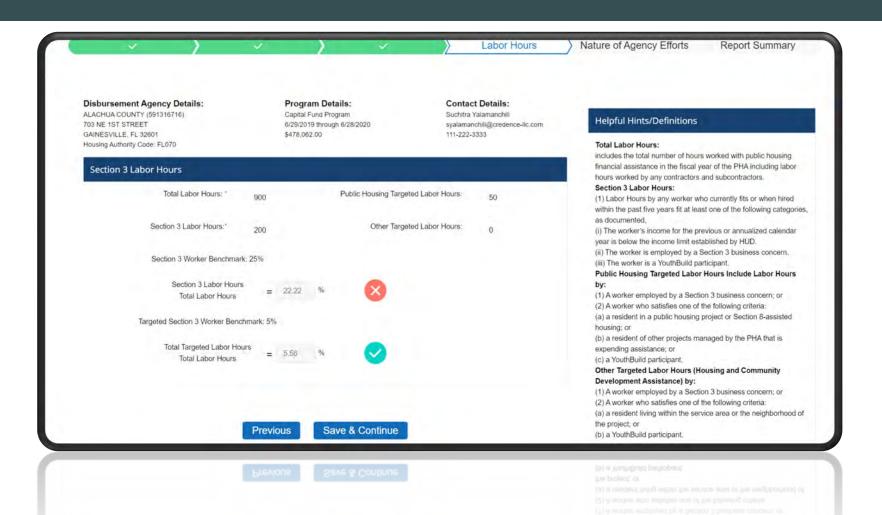
PH



Section 3 Reporting Portal



PH





PLAN AND IMPLEMENT

PROGRAM OVERSIGHT



PH

Nature of Agency Efforts Helpful Hints/Definition Nature of Agency Efforts: Outreach efforts to generate job applicants who are Public Housing Targeted Workers. If the recipient's reporting has not met the Section 3 benchmarks, or the recipient is a PHA with fewer than 250 units, the recipient Outreach efforts to generate job applicants who are Other Funding Targeted Workers. must report on the qualitative nature of its activities and those its contractors and subcontractors pursued. Direct, on-the job training (including apprenticeships). Indirect training such as arranging for, contracting for, or paying tuition for, off-site training. Technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching). Outreach efforts to identify and secure bids from Section 3 business concerns. Technical assistance to help Section 3 business concerns understand and bid on contracts. Division of contracts into smaller jobs to facilitate participation by Section 3 business concerns. Provided or connected residents with assistance in seeking employment including: drafting resumes, preparing for interviews, finding job opportunities, connecting residents to job placement services. Held one or more job fairs. Provided or connected residents with supportive services that can provide direct services or referrals. Provided or connected residents with supportive services that provide one or more of the following: work readiness health screenings, interview clothing, uniforms, test fees, transportation. Assisted residents with finding child care Assisted residents to apply for/or attend community college or a four year educational institution Assisted residents to apply for or attend vocational/technical training. Assisted residents to obtain financial literacy training and/or coaching. Promote the use of the HUD Opportunity Portal and/or Business Registry. Bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns. Provided or connected residents with training on computer use or online technologies. Othe

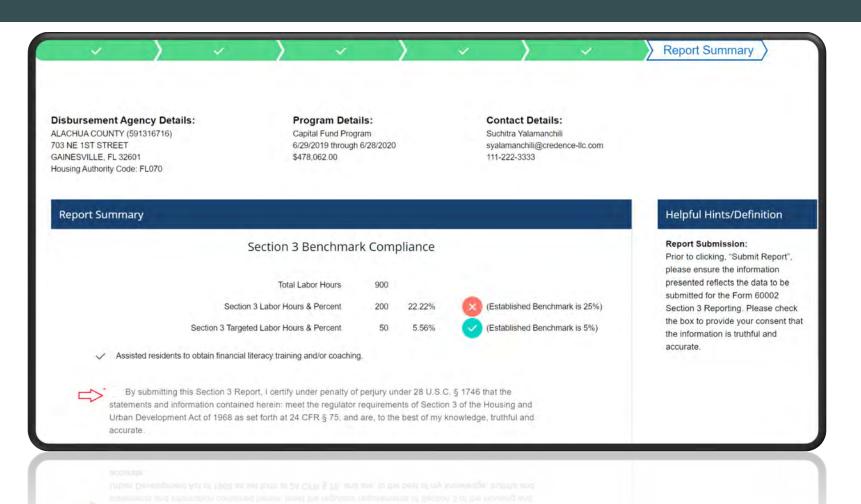


(mandatory field if Other is selected)

Section 3 Reporting Portal



PH







HCD

Reporting System

- IDIS
 - Activity Completion screens (HOME)

Reporting Systems & Timelines

- Accomplishment Screens (CDBG, HTF)
- *CAPER pulls in Section 3 compliance information from IDIS at the activity level
- DRGR
 - Quarterly Performance Report (CDBG-DR, CDBG-MIT)
 - Annual Performance Report (CDBG-RHP

Reporting Timeline

• Based on programmatic requirements after July 1, 2021





IDIS



Program	*Activity Category					
CDBG	Is this activity to prevent, prepare for, and respond to coronavirus? [∞] ○No ○Yes Will this activity use Section 108 loan? No Change answer					
	None					
ESG	None 🗸					
HOME	None					
IOPWA	None 🗸					
IPRP	None 🗸					
САР	None 🗸					
IESG	None					
IOPWA-C	None					
ITF	None					
⁺Is this ac	tivity subject to Section 3? I Ores ONo					
*Environm Select	vental Review:					
HEROS Env	vironmental Review ID: Search For R	eview ID				
Comments	i ()					







IDIS

Activity Add HOME Completion Detail Page 1 (continued) - Section 3 Rental HOME Completion has been saved **Indicates Required Field** Grantee/PJ Activity ID: 18-125455 **IDIS Activity ID:** 16285 HOME Multiple-address: No Activity Address: 3317 W Washington Blvd Los Angeles, CA 90018-1251 *Section 3 Calculated Percentage Safe Harbor Benchmark Met **Total Labor Hours** Section 3 Target Worker Hours Section 3 Worker Hours



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Activity Name: PATH Villas Montclair/Gramercy Site 2

Activity Owner: LOS ANGELES

HOME Completion Activity Type: Acquisition and Rehabilitation





IDIS



HCD

Nature of Agency Efforts

This section is required if, based on the labor hours reporting above, the reporting agency did not meet the safe harbor benchmarks.

Check all that apply. Maintain records available for HUD review to document any efforts checked.

Outreach efforts to generate job applicants who are Public Housing Targeted Workers

Outreach efforts to generate job applicants who are Other Funding Targeted Workers.

Direct, on-the job training (including apprenticeships).

Indirect training such as arranging for, contracting for, or paying tuition for, off-site training.

Technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching).

Outreach efforts to identify and secure bids from Section 3 business concerns.

Technical assistance to help Section 3 business concerns understand and bid on contracts.

Division of contracts into smaller jobs to facilitate participation by Section 3 business concerns.

Provided or connected residents with assistance in seeking employment including: drafting resumes, preparing for interviews, finding journal of the seeking employment including: drafting resumes, preparing for interviews, finding journal of the section of th

Held one or more job fairs.

Provided or connected residents with supportive services that can provide direct services or referrals.

Provided or connected residents with supportive services that provide one or more of the following: work readiness health screenings,

Assisted residents with finding child care.

Assisted residents to apply for/or attend community college or a four year educational institution.

Assisted residents to apply for or attend vocational/technical training.

Assisted residents to obtain financial literacy training and/or coaching.

Ponding assistance, guaranties, or other efforts to support viable hide from Section 2 husiness concer

anding accietance, guarantine, or other efforte to support viable bide from Section 3 business concerne-

Assisted residents to obtain mancial literacy training and/or coaching





DRGR



D Disaster Recovery Grant Reporting System		B-15/102-07-0001 A 1 - 5- 00- 0- 4- 2- Stauguter, love				
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	Enter the values and click save.					
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Performance Measur	+ EU Households (0-30% AMI)	0-	Ó	0		
Performance measur	* of Elevated Structures	0	0	.0		
Benefit Reporting Perfor						
	* of Properties	0	0	0		
	# of Section 3 Labor Hours	50	25	35		
Accomplishments	* of Substantially Rehabilitated Units	0	0	0		f Ruler
Performance Measure			0		To Date	
# ELI Households (0-30% AMI)	# of Targeted Section 3 Labor Hours	10	5	7	0	
# of Elevated Structures	* of Total Labor Hours	100		120	0	
# of Properties		100	100	120	0	
# of Section 3 Labor Hours	#Additional Attic/Roof Insulation	0	0	0	35	
# of Substantially Rehabilitated Units					ф.	
# of Targeted Section 3 Labor Hours # of Total Labor Hours	*Clothes washers replaced	0	0	.0	120	
#Additional Attic/Roof Insulation	#Distwashers replaced	p	D	0	0	
#Clothes washers replaced			b		ō	
#Dishwashers replaced	#Efficient AC added/replaced	0	D	0	0	
#Efficient AC added/replaced					0	
#Energy Star Replacement Windows	*Energy Star Replacement Windows	0	0	0	0	
#Fligh efficiency heating plants					0	
#Light flutures (outdoors) replaced	#High efficiency heating plants	0	0	0	0	
#Light Fixtures (indoors) (eplaced #Low flow showerheads	#Light focures (outdoors) replaced	0	D	.0	0	
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DRGR



Disaster Recovery Grant Reporting	g System	8-16-ND-01-0001	▲ 佘 血- \$- 亟·	G- 👉 Slaughter, Jos
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Performance Measures				
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Accomplishments				🖍 Edit
Performance Measure		Projected	This Report Period	To Date
# ELI Households (0-30% AMI)		0	0	0
# of Elevated Structures		0	0	0
# of Properties		0	0	0
# of Section 3 Labor Hours		50	25	35
# of Substantially Rehabilitated Units		0	0	0
# of Targeted Section 3 Labor Hours		10	5	7
# of Total Labor Hours		100	100	120
#Additional Attic/Roof Insulation		0	0	0
# Arthfulores LAttice (Deer Chronite Size				





Reporting Systems & Timelines – Lead Grantees

Reporting System

 Lead grantees will report on their Section 3 activities within the Healthy Homes Grant Management System (HHGMS)

Reporting Timeline

 PHAs' requirement to report their Section 3 activities and efforts starts 60 days after the end of their first fiscal year end (FYE) that begins after July 1, 2021

Fiscal Year End	New Reporting Period	New Reporting Period		
	Begins	Ends		
6/30/21	7/1/21	6/30/22		
9/30/21	10/1/21	9/30/22		
12/31/21	1/1/22	12/31/22		
3/31/22	4/1/22	3/31/23		

General Reporting Considerations

Employer's Good Faith Assessment

Include of Professional Service Hours

Labor hours must include those worked by any subrecipient, contractors and subcontractors



Total # of labor hours worked in fiscal year

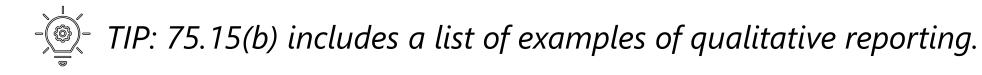


Total # of labor hours worked per project





Examples of Qualitative Reporting Activities

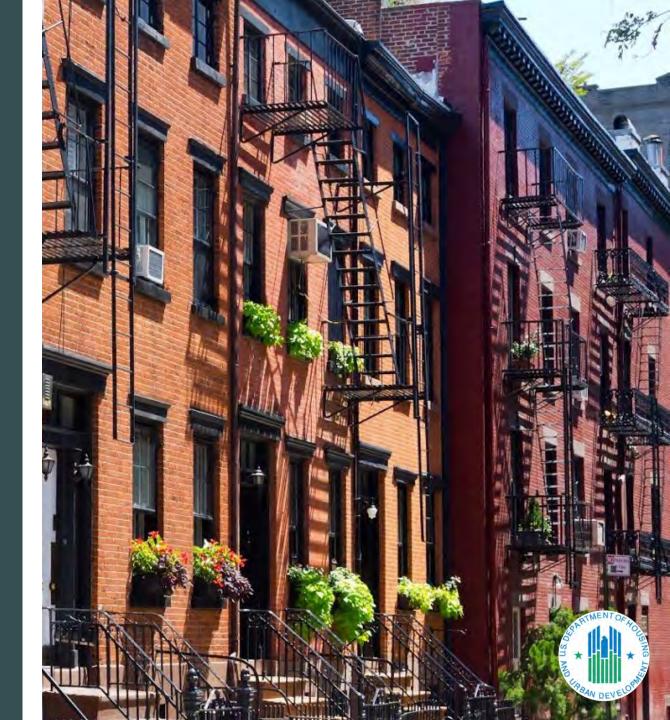




Qualitative Reporting Considerations

Small Public Housing Agency may elect not to report on labor hours; then, must report on qualitative efforts.

HUD program offices will prescribe the method of qualitative reporting.





Multiple Funding Source Projects – Reporting

Type of Financial Assistance	Definitions *Targeted Sec. 3 Worker	Thresholds	Prioritization	Reporting
Public Housing and Housing and	PHA – must follow subpart B	None	PHA – must follow subpart B	PHA – must follow subpart B of Part 75
Community Development	of Part 75	*Any amount of PH assistance triggers	of Part 75	HCD – may follow subpart B or C of Part 75
	HCD – may follow subpart B or C of Part 75	Section 3	HCD – may follow subpart B or C	Both - Must report on project as a whole and identify the multiple associated recipients
Multiple Sources of Housing and	Must follow subpart C of Part	Exceeds \$200,000 for Section 3	Must follow subpart C of Part	Must follow subpart C of Part 75
Community Development	75	projects	75	Must report on project as a whole and identify the multiple associated recipients
(single or multiple recipients)		*LHCHHP exceeds \$100,000		Must report to the applicable HUD program office, as prescribed by HUD

Knowledge Check



Exercise

Let's head to the Breakout Rooms



Discuss the Answers



Resources

Quick Links

- www.hud.gov/section3
- www.hudexchange.info/section-3

CPD Notices

- 21-07 (HOME/HTF)
- 21-09 (OBGA)

Trainings & Tools

- Searchable FAQs (HUD Exchange)
- Section 3 IDIS Demo/Tutorial (HUD YouTube Channel)
- Section 3 Final Rule Guidance for HOME/HTF Video (HUD Exchange)
- Section 3 Final Rule Guidance for CDBG-DR and CDBG-MIT Grantees Video (HUD Exchange)
- DRGR Reporting Section 3 Labor Hours Fact Sheet
- eGuidebook (forthcoming)

Questions & Answers

