2021 Section 3 Final Rule Training Series

Day 3, Thursday, December 9, 2021

Medora Benson: Hello, everyone, and welcome to the final day of the 2021 Section 3 Final Rule Training Series. My name is Medora Benson with ICF and I am your host today. Before we begin, I'm going to run through just 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.

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Today, we will again be using breakout sessions the same as yesterday. I will move participants into the same sessions of about 12 to 15 people. Please make sure to select that join now button. And if you do not see the join now button, it might be on your secondary monitor. As a reminder, if you don't select the join now button, you will stay in the main room and you will not join the main session -- the breakout session.

Please note this webinar is being recorded. Now I'd like to turn it over to my colleague Les Werner to begin today's webinar. Les.

Les Warner: Great. Thanks, Medora. So we have our same team assembled today. Andelyn and I will be the trainers and we have Benita and Hidaia as part of our group. So welcome back, everybody.

So let's just take a look at where we are with the agenda. So we started out the first day going through the basics of the rule, all the definitions, and then finished that up at the beginning of yesterday, and spent the rest of yesterday's session talking through planning and implementation.

So for this final session, we're going to be focusing on program oversight and then also ending with looking at the reporting and timing requirements for this on that. And just to kind of circle back to what we've been talking about. Part of the change on the new Section 3 rules are incorporating the Section 3 into oversight by program staff and also with the Wave reporting is being done, trying to integrate Section 3 more into our daily work.

And so, you'll see as our -- in our discussions today, we're going to be highlighting some of the ways that that has been changed.

So you should have also received, as usual, a link for the presentation materials for today. And we have a final tool that we'll be mentioning later, which is a checklist of compliance elements to keep in mind. And then, of course, we'll be using the exercise, same materials that we've been providing all along.

All right. So let's do sort of a quick recap from yesterday. So we began the session yesterday by wrapping up our discussion on the safe harbor benchmarks. We talked about the fact that you can be considered to be in safe harbor for the Section 3 requirements. And we kept using the term of in the absence of evidence to the contrary, if you're able to certify that you have met the benchmarks that we've talked about, met or exceeded the applicable benchmarks, and then also followed the required prioritization of effort.

And so we went through yesterday the prioritization of effort definitions, and we kind of highlighted the fact that there are separate prioritization of effort for public housing assistance versus for housing community development funds.

We also spent quite a bit of time talking about Section 3 plans. And we said that, you know, although they're not required, they're probably going to be essential to have a, you know, policies and procedures have a plan of action, to make sure that you're going to implement your program in compliance with Section 3 and that you will have effectively communicated with all your partners so that they understand what the requirements are, understand the definitions that apply.

And then we talked about things like, you know, the form that they're expected to use and the timing on this and kind of breaking out everyone's responsibility on that. We looked at sample certification procedures for both workers and businesses yesterday, and I would just reference that we mentioned that those links with those sample forms will not remain active, so we would really recommend that you copy those and save them in case you'll want them for future reference.

So Andelyn took you through talking about the opportunity portal, which helps create those linkages between the funding recipients, the Section 3 business concerns, and Section 3 workers. And the fact that you know, using this, we could not only post contract opportunities, but also, you know, jobs and training opportunities and try to create those linkages.

And Section 3 workers could post their resumes so that employers could locate potential applicants for that. And we ended, then, talking through certifying Section 3 and targeted Section 3 workers. And we had -- we looked at the slides, I think maybe 37 and 38 yesterday, which were those definitions of here are each of the different alternatives you can use to be able to meet that definition of a Section 3 worker.

Those would be very important for folks to not only know, but also make sure that the forms that you're using and the methodologies are aligning with what those requirements are. And we also mentioned about our Section 3 business concerns, and then we ended up talking a little bit about recruitment and capacity building.

You know, part of that being this idea that if we can get Section 3 business concerns to participate in our program, that really simplifies the process on being able to meet those benchmarks because of the presumptions of their workforce qualifying as Section 3 and targeted Section 3 workers.

All right. So with that, I'm going to hand things off to Andelyn, and she's going to take us into Module 3.

Andelyn Nesbitt Rodriguez: Thank you, Les. All right. Module 3 is all about program oversight. In this module, we're going to discuss program oversight responsibilities and best practices. We will review the basis by which HUD may conduct a compliance review, and we'll also provide examples of the types of information that could be used to prepare for a HUD compliance review. We will review recordkeeping requirements as well as the process for filing a Section 3 complaint.

Program oversight is an important piece of the compliance puzzle. Recipients will be responsible for demonstrating overall Section 3 compliance to HUD. Therefore, recipients should make sure that they are binding their subrecipients, contractors, and subcontractors to the requirements, and that the subrecipients and subcontractors are including Section 3 language in their contracts. That is really, really important piece here. Very important that that the grantee is binding subrecipients, contractors, and subcontractors to the requirements of Section 3.

Recipients should also ensure that they are closely monitoring the subrecipients, contractors, and subcontractors for Section 3 compliance. I think we mentioned it yesterday. We get the question sometimes, what happens if a contractor doesn't do what they said they would do or, you know, and ultimately it does fall back on the grantee or you as the recipient, so very important to closely monitor those subrecipients, contractors, and subcontractors throughout the project lifecycle.

Recipients should take action to resolve any potential issues of noncompliance and also make sure that they communicate the recordkeeping requirements with contractors in order to ensure that the appropriate documentation is maintained. And we're going to discuss recordkeeping just a little later.

All right. Recipients should develop a process to determine how often they will monitor contractors and subcontractors and in what manner, whether that's going to be on-site monitoring or desk reviews or both. Examples of criteria which may prompt a more frequent monitoring cycle include the number of complaints that the recipient has received, evidence or indication of potential noncompliance based upon reported information, the contractor's need for technical assistance, and projects that include a large amount of funding might require just a little bit more oversight and monitoring than others.

To make it easier on the recipient, as a best practice, recipient should develop procedures and implement a process for tracking subrecipient, contractor, and subcontractor compliance. Tracking is not required, but it allows you to quickly resolve issues of noncompliance when they occur, and it allows you to evaluate program performance and make changes as they're needed.

One procedure that could be implemented to assist with tracking is requiring subrecipients, contractors, and subcontractors to submit reports during an established timeframe. For example, you could include in your Section 3 plan that reports need to be submitted on a weekly, monthly, or quarterly basis.

Examples for tracking labor hours include utilizing time and attendance records, payroll records, Excel spreadsheets are great. Developing a reporting form or utilizing Davis-Bacon certified payroll to track labor hours. If Davis-Bacon is also triggered by your project, then you kind of have those labor hours already on your Davis-Bacon certified payroll. So that's a good way that you can track those.

Going back to tying the tracking to certain time frames. You could tie it to weekly, monthly, or quarterly timeframes, or you could tie it to draws. That's another way to ensure that you're meeting compliance along and along. If folks can't draw until the paperwork is in, then that's generally helpful.

All right, so we mentioned Davis-Bacon. There are opportunities to streamline Davis-Bacon and Section 3 tracking on HUD-funded projects where the threshold and criteria for both Davis-Bacon related acts and Section 3 apply. Recipients can use certified payroll submissions to track total labor hours, Section 3 labor hours, and targeted Section 3 labor hours.

The wage determination that will apply for a particular project should be determined by the grantee prior to contracting. So this is now specifically talking about Davis-Bacon and that prevailing wage rate. Davis-Bacon wage rates will be the minimum prevailing wages in the locality, as determined by the U.S. Department of Labor.

To find a general wage decision to include in the bid documents, the grantee can pull one from their locality at SAM.Gov. For more information regarding the Davis-Bacon Act applicability, you may contact the regional Davis-Bacon and Labor Standards Office in your region by visiting HUD.gov, their office website.

All right, preparing for a compliance review. Occasionally, HUD may conduct a compliance review of a recipient agency to determine compliance. Compliance reviews can result from several sources, including a complaint implying systemic problems, evidence of potential noncompliance noted during routine program office monitoring, and indications of noncompliance, as found in required reports to HUD.

Compliance review also may be random. They may be initiated prior to the awarding of funding, considering the nature of the project or activity. They can be geographically dispersed in order to obtain a representative perspective of the extent to which various program participants are complying with Section 3.

Note that one of the changes to the rule and the final rule provides for program specific oversight. This means that program offices will be including Section 3 compliance in their regular monitoring process. All right. Now, it is time for a knowledge check.

Les Warner: Oh boy, here we go. So Medora is going to put up our first question. And, Medora, I think we can probably go a little faster on our questions because we've got a really smart group of folks here. So are true or false. The public housing agencies and other recipients must include language in any agreement or contract to apply Section 3 to contractors. However, recipients of Housing and Community Development Financial Assistance do not need to include such

language in any of their subrecipient agreements or contracts for a Section 3 project. True or false?

This one's false. The requirements are the same for both the Public Housing Assistance and the HCD Financial Assistance. And really that language that you include in the agreements is really the key way that you are able to enforce those requirements and also one of the ways that we communicate that.

So if you wanted to look at the regulatory reference on that for public housing financial assistance, that's at 75.17 and for housing and community development financial assistance, it's at 75.27. And so, when you're, you know, working with your legal counsel on updating written agreements, that's the language that you're going to want to include there.

All right. Our next question. True or false? HUD may conduct a compliance review of a recipient agency. A compliance review will only take place during a HUD program office's regular monitoring visit. True or false?

So this one's also false. It probably is the most likely time that you would have a Section 3 compliance review. But those compliance reviews could also be done randomly. I think as Andelyn mentioned, they might be done on a geographical basis. They might be based on complaints that were received for that particular recipient. So they're not only restricted to that program compliance review.

All right. And our final question for this. Section 3 provides a preference for women or minority owned business concerns. True or false?

So this one's false, and, you know, I know that folks are thinking, well, wait a minute, there are regulations about women and minority owned business concerns. There are, but Section 3 itself is neutral, race and gender neutral, so it's not incorporated into the Section 3 requirements.

Instead, we're really looking at income levels. We're looking at locations as part of our targeting on this. All right. Good job, everybody. I'm going to hand things back to Andelyn.

Andelyn Nesbitt Rodriguez: All right, thank you, thank you. All right, so. Moving on now, let's discuss recordkeeping requirements. We all know that this is really an important part of any program. The final rule requires that HUD shall have access to all records, reports, and other documents or items of the recipient that are maintained to demonstrate compliance with Section 3 requirements or that are maintained in accordance with the regulations governing the specific HUD program by which Section 3 is governed.

So Section 3 requirements and CDBG or HOME or public housing programs, whatever program it's under as well. Recipients must maintain documentation or ensure that the subcontractor, contractor, or subcontractor that employs the worker maintains documentation to ensure that the workers meet Section 3 worker or targeted Section 3 worker definitions at the time of hire or in the first reporting period.

So that is a little bit different. That means that you also have to keep the records on the actual Section 3 workers in those certification forms and backup documentation. This documentation must be maintained for the time period required for record retentions in accordance with the applicable program regulations. Or, for example, CDBG could be five years, HOME could be up to 20 years, just depending.

Or in the absence of applicable program regulations in accordance with 2 CFR Part 200. So if your project doesn't have any record retention guidelines for the particular funding source, then you would follow 2 CFR Part 200, the super circular.

A PHA or recipient may report on Section 3 workers and targeted Section 3 workers for up to five years from when their certification as a Section 3 worker or a targeted Section 3 worker is established. This period runs as long as the worker is employed with the same employer.

All right, and that's a -- that's a really important thing to remember as well. So if you qualify someone as a Section 3 worker or a targeted Section 3 worker for up to five years, as long as they're employed with the same employer, you can continue that certification as a Section 3 or targeted Section 3 worker. All right, say a couple of things a couple of times, but they're very important, I just want you to key in on those.

So the types of records that should be maintained by the recipient, contractor, or subcontractor include the total number of labor hours worked by all workers, the total labor hours worked by Section 3 workers, and the total labor hours worked by targeted Section 3 workers. You also need to retain documentation of awarded contracts and subcontracts to businesses that provide employment and training opportunities per the prioritization requirements.

Documentation that supports the qualitative efforts that were made to meet the Section 3 requirements in Section 3 worker, targeted Section 3 worker, and Section 3 business certification documents and backup documentation. So let's talk through those certification records. And I think we saw this a little bit earlier, but we're going to go through it again. This was in Module 2.

These are the types of Section 3 worker records that must be maintained. So for a Section 3 worker, one of the following must be maintained. That worker can self-certify that their income is below that 80 percent AMI income limit. And again, that's individual income for the MSA that they live in.

A worker can self-certify a participation in a means tested program like public aid or Section 8 assisted housing. You can get certification from the Public Housing Authority, the owner or property manager of project-based Section 8 Housing, or the administrator of tenant-based Section Housing that the worker is a participant in one of their programs.

The employer can certify 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 would be if it was annualized on a full-time basis, or an employer can certify that the worker is employed by a Section 3 business concern, that the worker works for them and they are a Section 3 business

concern. So one of those records must be maintained, the certification and backup documentation.

Okay. As far as a targeted Section 3 worker, we're going to go through this again. Again, this was in Module 2, but just very important. So for public housing financial assistance, these are the types of certification records that must be maintained depending on the criteria under which the worker qualifies. So it could be a self-certification, employer certification, or a certification of residency for public housing or Section 8 Housing.

For Housing and Community Development Financial Assistance, types of certification records that must be maintained. Again, depending on how you qualified that worker, includes self-certification of being YouthBuild, a YouthBuild participant, employer certification, that they're employed by Section 3 business concern or confirmation of residency within that project or service area.

Remember that in cases where housing and community development assistance is included in a project with public housing financial assistance, there are two subparts that may be used for housing and community development assistance. Therefore, the documentation may look different than what's shown here if you're following subpart B instead of C for that housing and community development Assistance.

Note that HUD does not prescribe any specific forms of evidence to establish eligibility, it's up to the recipient, that backup documentation that we're talking about is up to the recipient to determine if additional specific forms of evidence to establish eligibility is required for their programs.

All right. And the complaint process. Complaints alleging failure of compliance may be reported to the applicable HUD program office or to the HUD local field office. If the Office of Field Policy and Management receives complaints, they will refer those complaints to the appropriate HUD program office. So if it's a CDBG project, then that's going to go to the CDBG office and likewise for other programs.

If the HUD program office ends up finding that there is, the complaint has merit, then there will be a formal process. And here we are at another knowledge check.

Les Warner: All right. So it looks like our polling is opening here. So our first question is true or false? A PHA or recipient may report on Section 3 workers and targeted Section 3 workers for up to five years from when their certification as a Section 3 worker or targeted Section 3 worker was established. This five-year period runs as long as they are low- or very low income. True or false? So read this one carefully.

So this one's false, and the reason it's false is that, yes, we can track for five years, it does start from the point that we have certified that worker. But this last sentence about that, it's conditional on them remaining low or very low income. They do not need to remain low or very low income. And in fact, we really hope that over time that they're going to have increases in their income. That's kind of how we get to sustainability for workers.

All right. Our next question.

Andelyn Nesbitt Rodriguez: Let me just add what it does depend on is as long as they're employed by the same employer.

Les Warner: Correct, yes. Yes. Yep. Yep.

Andelyn Nesbitt Rodriguez: Sorry, Les.

Les Warner: All right. So here's our next one. A project that was committed on October 1st, 2021, that includes $125,000 of public housing financial assistance, in this case capital funds, and 50,000 of Housing and Community Development Assistance (CDBG) would need to comply with the Section 3 final rule.

So this one is false, and the reason it's false is about the timing on this. So and I'm sorry, I'm looking at the wrong little answer key here. So it's true that any amount of public housing assistance is going to trigger this. And this was committed on October 1st, 2021. So that's after the November 30th, 2020, commitment or effective date for the rule.

So in this case, because we have public housing financial assistance that is triggering, we have triggered those requirements for this project, regardless of the fact that the housing community development financial assistance is under that threshold.

All right. So our next question. In this case, we have a project that was committed on November 28th, 2021, and it includes $75,000 of lead hazard control funding and 150,000 of CDBG funds. And so, our question is, would they be required to comply with the final rule requirements? True or false?

So this one is false and the reason, we have to kind of look at this. So in this example, we are applying the thresholds to make that determination. These are both sources of HCD funding. But the lead hazard control and healthy homes assistance has its own threshold. And so that threshold is $100,000 that it would need to exceed to trigger.

And then for our CDBG funds, we're going to be applying the HCD threshold of $200,000. So we're not including the lead funding in that calculation because there's a separate threshold for the lead hazard control funding. So we are under those threshold amounts and so Section 3 will not apply. We will not need to be reporting on Section 3 for this project.

All right. And then one final question here. So this is true or false, all complaints regarding the Section 3 rule must be processed by HUD's Office of Field Policy and Management. True or false?

So this is false, and let's kind of take a look at that. So essentially the general oversight for the Section 3 program has been transferred to the HUD program office that would be applicable for that funding. So we could have complaints that came to the Office of Field Policy and Management, but they would be then referred over to the appropriate HUD program office to be

addressed. All right, that takes us to the end of our knowledge check. Andelyn, you want to prep folks for the exercise?

Andelyn Nesbitt Rodriguez: Absolutely. We're going to go right into the breakout rooms. You should see a popup on your screen in just a moment that -- remember to push the button so that you can join the breakout rooms. And today is day three, guys, so I know we're almost at the end. Let's have fun and power through.

Right now, my group will be presenting, and I know it's showing that it's a Penny Campbell, but her name is actually Shannon, I want to say.

Shannon: That's right.

Andelyn Nesbitt Rodriguez: All right, wonderful. Well, hi, Shannon. Thank you so much.

Shannon: Hi, Andelyn.

Andelyn Nesbitt Rodriguez: Hello. All right. So you guys, we discussed during this exercise monitoring and oversight. The city of Fairfield received many complaints about this project, and I won't go all into it. But let's just go through the answers that you guys got. Would you recommend conducting an on-site visit to Willow Gardens or completing a desk monitoring or both?

Shannon: So initially I said just the on-site, but as we conciliated, Hidaia said, probably both for to be thorough and because there's been so many complaints at the site. And do the desk review of all the paperwork. So yeah, both, to be thorough.

Andelyn Nesbitt Rodriguez: Exactly. Sometimes a desk review is a good companion for on-site review. Right. So I agree. All right, which items should the recipients' monitoring checklist include? Based upon those complaints, what would you include in your monitoring checklist?

Shannon: The worker certifications and the business certification that they were a Section 3 business concern if they were. Recruitment documentation, how did you find your workers, the contracts and agreements, and then employment records are just some of the things we mentioned?

Andelyn Nesbitt Rodriguez: Absolutely. Yep. Great job. I'm not sure if you mentioned the contracts or agreements.

Shannon: Contracts and agreements, yeah.

Andelyn Nesbitt Rodriguez: Yeah, those contracts. But yeah, and the certification forms. Really good job. Yeah. All right. So then after the monitoring visit, the following was noted: there was the sub -- the prime contractor didn't have record of eligibility for Section 3 and targeted Section 3 workers on the previous reports.

They didn't -- they did include Section 3 requirements in the subcontractor contracts because remember, the subcontractor had said I signed a contract, but it didn't have any Section 3 language in it. So we found -- we got our contract from the review and found that it did have the language in it. The subcontractor had overlooked it. The subcontractor hadn't been reporting total labor hours, a number of things.

So the next question is what are some examples of corrective actions that the city could include and their follow up report to the contractor and subcontractor?

Shannon: So educate all the participants involved, make sure that they are aware of those expectations, get verification of their eligibility, keep all the documentations and the certifications going forward.

Andelyn Nesbitt Rodriguez: Absolutely. And we also have to go back and clean up everything from before. Right? You have to do a new report and make sure we have all the certifications, but great job. Last question here. What changes can the city make to ensure the contractor and subcontractor compliance for the current project and also for future Section 3 projects?

Shannon: This one, we were kind of running out of time at the end, so the answer is short. Better communication and make expectations known.

Andelyn Nesbitt Rodriguez: Absolutely, absolutely. Ensure that the requirements are communicated early on during the prebid and pre-construction meetings. Provide sample forms is a really good. Sample forms or methods to the contractor and subcontractors. And just offer technical assistance on the definitions, prioritization requirements, reporting of labor hours and the roles and responsibilities. like you just said.

I know in my group I made it very known that I'm an advocate of initial here, initial that you saw this and that we discussed it and you know. So there might be 20 initials on a document, but that's the way that I do it. So. Thank you so, so much. Wonderful job.

All right. And now we're going to transition from the exercise. We've discussed the answers. We're going to look at a HUD compliance review checklist. This is another one of our tools that we're providing. Again, this compliance review checklist tool that provides examples of the types of information that could be collected and prepared in the case that HUD will conduct a compliance review.

It's intended to be a sample checklist to help you identify examples of records that could be maintained if a client's compliance review is conducted. This is not an exhaustive list and should only be used as an example, not what is required to be maintained. All right, and with that, it is time for Module 4, and I'm going to turn this over to Les.

Les Warner: Okay, thanks, Andelyn. All right, so our final module. Wow. All right. So by the end of this module, we're going to be -- we're going to go through the reporting responsibilities for recipient agencies, and we're going to be breaking that apart based on the type of funding that you're using. And so looking at the different systems that you're going to be using to report on

your Section 3 activities, those prioritization of effort that we've been talking about. And then we'll spend quite a bit of time talking about that timeline on that and what you'll be reporting as part of that.

So we mentioned about the fact that, you know, part of the intent of the final rule was to streamline the reporting requirements by essentially incorporating them into what you already -- the methods and the systems that you're using already for your program. And so, for each of our program-specific oversight, we're going to be using the system we already are, you know, setting up projects, reporting about beneficiaries and accomplishments.

And so, when we look at the systems you'll see on our chart, so we've identified, so our HCD, Housing and Community Development programs include things like CDBG, the CV funding, also HOME and the HOME AARP funding going forward. As part of this trust fund, emergency shelter grants and housing opportunities for people with AIDS.

Those are all programs that are currently utilizing the IDIF system, integrated disbursement and information system. And so, the section 3 compliance information is simply going to be we have news screens that have been added, and so there will be a popup that will ask for, you know, whether this project is covered by Section 3. And when it is, then you'll have a series of screens that will ask you for that information.

Similarly, for disaster funding, and that would be CDBG-DR, the mitigation funding, and also the recovery housing program, those are all going to be using the DRGR system that you are used to using for reporting on those programs and simply, again, will have Section 3 information added to that.

We mentioned that you could have a RAD project, rental assistance demonstration funded project that could trigger Section 3. And so ,you would be using the RAD Resource Desk, which is their standard reporting system.

For lead funding, the healthy homes grant management system is where that information will go. And then the big change here is that for public housing assistance, where they previously would have been using SPEARS, there is a new portal that is being created, and so that will be in place and available for you by the time that you're going to be required to begin reporting on Section 3. And we're going to go through quite a bit of information on looking at when would I first have to start utilizing the systems and report.

Keep in mind that generally our reporting requirements are going to mirror what those reporting requirements and, you know, frequency timeline is for each of the programs. So they can be a little different depending on --excuse me -- the source of funding that you're working with.

So we're going to be looking at the fact that PHAs, really the earliest that you would be reporting into this new portal would be July of 2022. So we have a little bit of time for that portal to be in place, to have been tested and ready to go.

So really, we're reporting on the same data across each of these programs. We're going to be looking at, you know, total labor hours for that project or contract. In some cases, that will be total labor hours for the fiscal year versus for the total project. And we'll kind of, as we go along, kind of point some of those out.

Once we've plugged in the total hours, then we're going to be providing the Section 3 labor hours, the targeted section 3 hours. So that can be calculated on whether the benchmarks have been met. And we will be then providing information about our prioritization of effort or certifying to that. And in cases where we have failed to meet those quantitative benchmarks, we will also be asked about our qualitative efforts and have to report on that. And we'll look at examples on this as we go along.

So keep in mind, we're going to be counting labor hours for certified Section 3 and targeted Section 3 workers for up to five years from when that status was first established. And employers are not required to have a time and attendance electronic system. We also could accept a good faith assessment of what those labor hours were. And that would be sufficient to be able to enter that data.

So we're going to take another look at -- we looked at these, I think, on day one. Kind of thinking about when what rule applies and when on this. So as we mentioned, you know, most grantees are going to have a whole number of open projects. Some of those will fall under the old rules, some of those under the new rule.

And so those legacy projects are contracts that were executed or projects where we committed funding prior to the effective date of the new rule. So prior to November 30th, 2020. And so, for all those legacy projects, we're going to follow the old rule. You're going to maintain those records, but there's no reporting as part of that. So we're not going to be using the SPEARS system to report on that.

We also will have projects that are what we call transition projects. So these were projects or contracts that were executed between the effective date November 30th, 2020, and then our reporting deadline or effective date of July 1st, 2021. So these projects were funded once our new Rule 24 CFR Part 75 was in place, so they do need to follow the final rule.

They will, of course, have to have records in place and Andelyn was talking about some of the records that would need to be in place to demonstrate compliance. But again, they are still not required to report on these projects. Now, as we mentioned before, and I want to just return to that.

We now have programs that are issuing their own notices. So for instance, the OBGA, Office of Block Grant Assistance issued a Notice CPD Notice 21 09. And so, it reiterates and clarifies for their programs that that reporting in IDIS or DRGR will begin for open activities starting on July 1st, 2021. And so, keep an eye on -- the HOME program issued a notice also.

We may see some additional notices that would be issued, and so we're talking about the Section 3 rules themselves. But as we have additional guidance from specific programs, you'll need to keep an eye on those and follow if there's more specific guidance provided.

So let's start as we go through looking at some of these systems. Let's start with the public housing assistance. So we mentioned that there's going to be a new portal that will be in place and that would be for projects that were committed or implemented after our July 1st, 2021 date. And so that's our reporting -- where our reporting begins on that.

So the timeline of this is going to be triggered for activities that started after or as part of that first fiscal year that began July 1st, 2021, or later. So -- excuse me -- we have some examples here of timelines. So depending on when your agency's fiscal year begins is going to determine when your first reporting would be.

So if you are an agency that had a fiscal year that ended at the end of June of 2021, so that earliest that we would see this reporting triggered would be for that fiscal year that starts on July 1st, 2021, and we're going to be reporting at the completion of that. So the earliest would then be 6/30 of 2022, and you have a 60-day window that, to complete that reporting at the end of that fiscal year.

So that's the earliest reporting that would need to be done with the new system for Section 3. But for example, if your fiscal year began on January 1st of 2022, that's our first fiscal year that's now begun after this July 1st, 2021 date. They won't have to -- that fiscal year won't end until the end of 2022, and then they have 60 days for reporting. So they're probably going to be reporting in 2023 would be the first time that that reporting would be occurring.

And keep in mind for public housing assistance, that reporting is going to be based on the fiscal year as opposed to we're going to be talking later about projects where the completion of the project we're looking at all the labor hours for the total project. For public housing agencies, they're going to be looking at labor hours that were completed for that project within the fiscal year.

So we could have a project that maybe took 18 months to be completed. So we would have some labor hours that we reported in one fiscal year and the balance would be reported in the following fiscal year.

All right. So these are screenshots that may well be difficult for you to be able to see, but we wanted to give you some a little bit of visual reference. So in this case, this is Alachua, which is, I think, in Gainesville, Florida. And so, in this example, we have a project that's a capital funds project that's been identified as the funding source that we're going to be reporting on. And so, the screens would then be asking about multiple, if this is a multiple funding source project and collecting that information.

And then there will be screens that we will be putting in as we talked about total labor hours for the project and then entering in what are section 3 worker hours and targeted section 3 worker hours. And as we mentioned, it will be calculating those.

And in so in this case, they have met -- they have met one of their benchmarks and got a nice checkmark. And in the other, they have missed that. And so, the system will give you that nice red X to let you know that you've missed one of the benchmarks.

In cases where we have projects that have missed that benchmark, then we will have a screen that will ask you to report on the nature of agency efforts. So those are our qualitative efforts that we talked about. And these -- we're going to be talking a little bit more about these. Qualitative efforts in the regulations are listed at 75.15.

And so, this screen has been populated with the examples of qualitative efforts that are listed within the regulations, but there also is an Other. So this is not an exhaustive list and the fact that what your qualitative effort was didn't, you know, didn't appear on this list. It's not a problem. There is an Other category to be able to do that.

So you know, if you've done things like we've talked about, training or apprenticeship opportunities, technical assistance for workers, so you know, things like resume assistance or coaching as part of that, we talked about ways to, you know, try to connect workers with employment. So things like, you know, helping prepare for interviews, helping them identify job opportunities. So we talked about, you know, maybe coordinating with the Workforce Development Office, we've talked about the opportunity portal as a way to try to create those linkages.

Those would all be examples of qualitative efforts that would meet these requirements. And so, when we talked about our Section 3 plan, we would want to incorporate those qualitative efforts as part of our standard process and communicate those expectations to our partners so that when we get to this point, and if we have not met our quantitative benchmarks, that we're prepared to provide to be able to certify to those efforts and have some documentation in place.

So finally then there will be a screen that would be providing a summary of compliance on that. And so, in this case, it's showing that we met one of our benchmarks, our targeted section 3 worker, but failed to meet our Section 3 worker category. And then you'll see at the bottom where the qualitative efforts that we have reported on the additional screen, that is also showing here.

All right. So that was public housing assistance. And again, that's going to be in the new portal that we talked about.

All right. So let's look at the HCD system. And so, depending on the type of housing community development assistance that you're receiving, you may be using IDIS or you might be doing -- utilizing the DRGR system.

So for IDIS, HOME and CDBG in particular, they are reporting at the completion of that project and these are essentially -- the Section 3 information has been added to your activity completion screens for HOME and your accomplishment screens for CDBG and trust fund.

And so, as those of you that work in that system, you also know that your paper, which is your annual reporting on this, that the information about Section 3 is going to be pulled from what has been entered at the activity level in IDIS. So very similar to how everything else currently works within IDIS.

For DRTR, and that would be for the disaster recovery funding, also for the mitigation funding. those are going to be done in a quarterly performance report, whereas for the recovery housing program, it's an annual requirement. So you'll see that the timeline on reporting is really following what those program requirements would be for you.

And so, the timeline for beginning that reporting process in IDIS is going to begin on July 1st, 2021. So we're obviously well past that. And so, it either would be at the completion of my HOME CDBG Trust Fund project or it would be for my quarterly performance reports and annual performance report.

So let's take a look at the screenshots on this. So this is IDIS now. And so, in this case, we are identifying the project itself and the source of funding. And there will be a question about whether Section 3 this project is covered or triggers section 3. And so then we will, as you see at the bottom here, begin to plug in our standard information that reporting total labor hours, targeted section 3, section 3 worker hours into the screen.

And then depending on -- so, it will calculate that information for those projects that have not met the benchmarks, then there would be a question about those nature of agency efforts or our qualitative efforts, and you would be then reporting -- and that's how, again, how you're going to meet the safe harbor requirements on this, even when you have not hit the benchmarks for section 3 and targeted 3 worker hours.

Here's an example in DRGR. So all of the program offices have been integrated into their normal platforms. And then you would be reporting, and I know this is really difficult to see based on the scale of this. But as part of the accomplishments screen, you would be reporting for your project.

So for lead, we mentioned that the lead funding, the Office of Healthy Homes, our lead hazard grant recipients, are going to report in the HHGMS system, and they're going to be following the same timeline as the PHAs. So again, based on that fiscal completion of the first fiscal year that began after July 1st, 2021, will determine how soon you would actually be reporting into the HHGMS system.

So you can see for each type of funding we're following essentially that standard reporting system that you're using for the rest of this. For our public housing assistance, it will be a new portal which will be in place, but reporting very similarly to what we've seen with IDIS, DRGR, and our other systems.

All right, so let's talk a little bit about, you know, things to consider about reporting. So public housing agencies and other recipients can report labor hours based on an employer's good faith assessment of the labor hours. And so, this is going to be based on, you know, the employer's

existing salary or time and attendance system. We mentioned they are not required to have an electronic system to be able to do this, and that's going to be considered valid unless there are, you know, other information that would, you know, would be contrary to that.

We mentioned about the fact that with professional service hours, they are not included in our calculation of total labor hours for that project. But I think we use the example of in one of our questions about an accounting firm. And in this case, they had some workers that qualified as a Section 3 worker. If we followed our standard certification process for those workers, we could report those hours towards meeting our goal.

So the professional service hours not included in our total hours for the project, but could serve as essentially a bonus to help us meet those requirements. Let's see. What else do we need to mention here?

So you know, of course, we're going to be looking at total number or total labor hours for that project and then reporting on total labor hours worked per fiscal year. If it's a public housing assistance project following Subpart B for HCD funding, it's going to be the total number of labor hours worked for that project. So kind of a key difference on what they are reporting and when.

All right. So let's talk a little bit about, and we've kind of mentioned this about qualitative reporting activities, and you've seen the screens that would be populated within our reporting systems for you to be able to report on, you know, how I met the qualitative requirements on this in the absence of meeting those benchmarks.

So I think I mentioned before, the regulations themselves at 75.15(b) provides that list of qualitative reporting, and that's the basis for what you're going to see within those reporting systems that's populated on that screen. But as I mentioned, it is not an exhaustive list. There is an Other category on each one of those, and so you do have the ability to report other things that would be considered valid as part of that.

So we mentioned things on outreach, our sort of classic holding the job fair, doing some kind of direct outreach, maybe to residents of a public housing agency property, maybe working with that resident council to let folks know about job opportunities or training that might be available.

We've also talked under outreach about things efforts being done to try to identify and then secure bids from section 3 business concerns. So that would all be a qualifying effort on that. We had a question in our breakout group about, you know, I may have projects that don't actually create any jobs, but as part of our procurement for contracting, we could be looking to try to do outreach and get bidders to participate, who are Section 3 business concerns, and that would qualify as a qualitative effort on that.

We talked about things like promoting the opportunity portal, and that would be another way to do that. And then, you know, we may have some other local coordination I've mentioned, you know, like workforce development offices, those sorts of things where we are coordinating locally to try to make those linkages for both businesses and for workers.

Under capacity building, any time we're able to create some training opportunities will help us to get qualifying workers. And so, you know, maybe working with unions to get them to provide more apprenticeship opportunities, technical assistance for both workers, but also for businesses and being able to identify those opportunities.

And then we may have some examples where in trying to have qualifying Section 3 business concerns, they may need some coaching on how to be a viable bidder. And that might include things like, you know, how to meet the bonding requirements or other guarantees that are in

Place. How to put together viable bids. And so, we might have other programs that are working with prospective businesses, helping them prepare to be competitive. That might include some literacy, financial literacy training, some other technical assistance as part of that.

And then we've talked a lot about connections of, you know, trying to link up businesses with contracting opportunities, help businesses identify workers and vice versa. We've which would be part of our efforts on connections.

So one of the sort of exceptions I wanted to mention here. For a small public housing agency, and this is defined as less than 250 units. They may elect to not report labor hours. They would need to have an approved plan for permitted qualitative efforts. And so, this is really focused on since public housing agencies have no threshold, so they're not able to say, Oh, well, this is under $200000.

They may have a really difficult time when it's a small agency being able to meet the quantitative efforts on that. And so, they have the ability to opt out after working with their oversight agency on establishing a qualitative efforts as part of that. So they would need to work with their HUD program office on that to lay out that process.

So I want to revisit -- we've looked at this chart quite a number of times as it as it comes along.

And so, you know, we identified that when we have projects that have multiple funding sources, sometimes the rules are going to be different. So when we talk about the combination of public housing and housing, community development funds, we, you know, have said, Well, look, the PHA always has to follow subpart B. HCD has a choice on which subpart they're going to follow.

And we've kind of talked about the fact that it might be a best practice or it might simplify things to be able to align with Subpart B so that when you are asking contractors, subcontractors to report that you're using the same definition of what a targeted Section 3 worker is going to be.

Both the PHA and the HCD funding recipients are going to be reporting on the total projects, are going to be reporting in their own systems. But it's a determination for the HCD programs of, Am I going to follow a subpart B or Subpart C? That would be a decision that they would need to make up front.

When we're working with multiple funding sources and they're HCD, they're all HCD funding, then they're always going to be following Subpart C, but they're going to be applying those threshold tests. So we talked about the lead having its own threshold, where projects need to exceed $100,000 in lead hazard reduction funding to trigger Section 3. That's a separate calculation from the rest of the HCD funds, which would need to exceed $200,000 to trigger Section 3.

And so, again, they're going to be reporting following subpart C. They're going to be using the applicable HUD program requirements for their portion of that multi funded project.

All right. So we have a final knowledge check here. All right. Here's our first question. True or false. Projects for which assistance or funds were committed between November 30th, 2020, our effective date for the rule, and July 1st, 2021, will be expected to report to HUD on the 24th CFR Part 75 requirements immediately following the final rule compliance date of July 1st, 2021. True or false?

So this is false, but let's kind of walk through how we got to that. So it's true that they're going to follow the new rule and that they need to have records in place, be able to demonstrate that they were in compliance with that. But it's false in that the recipients are not required to immediately be reporting. They're going to follow, as we talked about, for public housing assistance.

It's that first full fiscal year after July 1st, 2021. So we mentioned that for, you know, a recipient whose fiscal year began on July 1st, 2021, wouldn't be until the completion, which is going to be 6/30 of 2022. And then they have a 60-day period to report. For HCD it's going to be based on the specific programmatic requirements and the system that they're going to be reporting on. And that, again, becomes effective beginning the earliest, beginning for fiscal year or for July 1st of 2021.

All right. Our next question. In 75.15(b) of the Section 3 final rule, HUD provides a list of qualitative reporting. This list is exhaustive and there are no other options for qualitative reporting. Is this true or false?

So this is false. As we mentioned, in your reporting system, it's going to populate the qualitative -- the list of qualitative efforts that you could be making based on what's included in the regulations, but there is an Other category. And so it is not -- this is not an exhaustive list that you are limited to.

All right, we've got a scenario question. So HUD has provided small public housing authorities less than 250 units with the option of not tracking and reporting labor hours or qualitative efforts for their contracts and subcontractors. Is that true or false?

So in this case, this is true in that they -- for those small entities, they have the exception on reporting on the quantitative because we talked about the difficulty of being able to meet those requirements, but they would have to report on the qualitative efforts on this. That is specific to public housing agencies with 250 or less units on that.

All right. Our next question. So this is true or false. Having a prior arrest or conviction precludes someone from being a Section 3 worker. True or false?

So this is false. That is not a -- there's not a criteria blocking these individuals from being eligible as a Section 3 worker. And in fact, it's called out in the regulations that they would not be precluded from being eligible on that.

All right. That brings us to the end of our knowledge check. And so, I think this takes us to our -- I think. Andelyn, you have control if you want to move the slide. Here we go.

Andelyn Nesbitt Rodriguez: Absolutely, thank you. Time for another exercise. Remember to push the Join Now button to go into your breakout sessions.

All right, and welcome back from the exercise. All right, Benita, can you tell us who from your group is going to be reporting out?

Benita Johnson: Yes. We actually have Jennifer Adams, but I don't know if Jennifer is still having technical difficulties. Jennifer, if you're able to connect, can you do that? If not, we -- oh, okay. Jennifer, are you there? Okay. We do have a backup, thank goodness. Jenaya [ph] Jordan is going to report for us. Take it away, Jenaya. Thank you.

Jenaya Jordan: So I was volunteered. I don't know. What am I supposed to be reporting out on?

Andelyn Nesbitt Rodriguez: Hey, Jenaya. Thank you for -- thank you for reporting. Now we're just going to go through exercise five and discuss it and see what answers you guys got and we'll talk about it together. Okay? So exercise five is on pulling everything together. So the city of Fairfield with the housing authority has another project, so it includes rehab of 20 units. Sources of funds include $210,000 in CDBG funds, which we know is over the $200,000 housing community development threshold.

We have $200,000 of public housing assistance, which is -- there is no threshold, $1 in with public housing and you're all in. So that is triggered. And then we have 150,000 of lead hazard control and healthy homes funds, and that is over the $100,000 threshold for there. So this project qualifies on all fronts. The project was committed on July 21st, contracts executed in August of 2021, and the project will be completed by June of 2022.

So now we're pretending that it's June of 2022 and we're going to report out. Jenaya, can you tell me what you guys got for what subpart of the final rule would you use for that Section 3 project?

Jenaya Johnson: Subpart B?

Andelyn Nesbitt Rodriguez: Absolutely. So Subpart B would be used for the public housing assistance, and you can either use subpart B or Subpart C for the Housing Community Development Assistance, but it is a best practice just to go ahead and use Subpart B for both for consistency and reporting. Question number two: What subpart would you use for reporting purposes?

Jenaya Johnson: I believe the answer that we share it with subpart B or Subpart C?

Andelyn Nesbitt Rodriguez: Yeah, it's the same question. So again, subpart B and you know, you could use Subpart C for the Housing Community Development Funds, but a best practice is to use subpart B across the board.

Which factors will be considered when determining if the city of Fairfield and the Housing Authority complied with Section 3 requirements and met Safe Harbor?

Jenaya Johnson: If the 25 percent and 5 percent labor hour benchmarks were met.

Andelyn Nesbitt Rodriguez: Absolutely. Also, if they fired the -- followed the required prioritization of efforts, that's going to be a big deal. So that was -- on day one Les talked about it and it was a slide that looked kind of like a pyramid. So those are the two things. Did they follow the required prioritization of efforts and did they meet or exceed those Section 3 benchmarks?

What are the reporting deadlines for this project and which reporting system should be used? So this is a big project. Let's just break it down. For public housing funds, what system will be used and when will reporting start?

Jenaya Johnson: I think we talked about it depends on their fiscal year for the when. And I don't think we talked about what system?

Andelyn Nesbitt Rodriguez: Okay. Absolutely. So the newly developed Section 3 reporting portal for public housing is where you would report and you're absolutely right. Sixty days after the end of the first fiscal year that starts after July 1st, 2021. So that's a little bit of math that you have to do there, but I recommend that everybody take a moment to think about when your fiscal year is and what, you know, if -- when is the first one that starts after July 1st of 2021? When does that year end and what is 60 days after that? And that's your reporting deadline there. And that's across the board for all of the programs.

For Housing Community Development Assistance, what system would you report out in? Are you there, Jenaya?

Jenaya Johnson: I don't know the answer to that.

Andelyn Nesbitt Rodriguez: Okay, all right, no worries. So you would report out in IDIS and then the CAPER [??] for that one. And for the lead hazard and Healthy Homes program, I had actually not heard of this, because I had not worked with this grant before now. But the HHGMS system, the Healthy Homes Grant Management System, is the one that you would use to report out of that funding.

So information that would be reported. Jenaya, do you know that or do you want me to just go ahead and run with it now?

Jenaya Johnson: I would say the total hours for the project worked.

Andelyn Nesbitt Rodriguez: Awesome.

Jenaya Johnson: And then the number of hours worked by Section 3 workers. And then the number of hours worked by targeted Section 3 workers.

Andelyn Nesbitt Rodriguez: Perfect. Absolutely. Absolutely. And if those -- the equations there don't -- the benchmarks aren't met, then the recipients have to report on the qualitative efforts that were made. But yeah, beautiful. Absolutely perfect.

All right. So the city of Fairfield did not meet Section 3 benchmarks. What are examples of qualitative data and evidence that could be provided? Some of those include evidence that the contractors and subcontractors made their best efforts to follow the order of priority for employment training and contracting. City funded workforce development training programs for low and low-income citizens -- city residents to develop a pipeline of qualified candidates, city funded downtown job center that provides resumes and application assistance.

Those job fairs are really good also, and the creation of a Section 3 database for Section 3 businesses and workers be used as a referral mechanism for eligible workers, contractors, and subcontractors. Those are all really quality examples of the qualitative efforts that can be made, and you have to keep all of that documentation because that will count if you don't meet the benchmarks.

Okay, our last question here. What criteria might the city of Fairfield and the housing authority use to evaluate whether improvements are needed to the Section 3 plan, policies, and procedures to ensure compliance on future projects? And that includes quality -- quantity and quality of correction act -- corrective actions as the result of monitoring visits for the subrecipient, for the recipient, contractors, and subcontractors. So they'll want to look at all of those things.

They'll also want to look at the amount of technical assistance that their contractors and subcontractors needed, and they'll need to look at their safe harbor benchmark outcomes to evaluate whether or not the Section 3 plan, the policies and procedures that they created are working to fulfill the purpose of Section 3. All right, and that's it. Jenaya, thank you so much. You did an excellent job. I appreciate you.

Jenaya Johnson: Thank you.

Andelyn Nesbitt Rodriguez: Thank you so much. And on that note, I am going to turn it back over to Les.

Les Warner: All righty. Let's see. Oh, you've given me control. Very good. All right, so we've discussed that. So before we go into our final question and answer section, we wanted to talk a little bit about resources. So I also would just say if you have questions that you haven't entered into the Q&A, go ahead and do those now because that's where we're headed next.

So I wanted to mention some of the resources. Both the HUD.gov and the HUD exchange have Section 3 specific areas or what I probably would call a landing page. And so I would think those

are probably links that you're going to want to be familiar with, and that's where you're going to be able to pull reference information that you're going to want.

We mentioned the fact that we're beginning to have notices that have been issued by programs. And so, for the CPD notices, the Home and Trust Fund notice was at 21.07. And then the most recent was the Office of Block Grant Assistance 21 -- Notice 21.09. And I would suggest that you, for those programs that you are implementing, that you would want to be familiar with the program notices and keep an eye out. You know, we may see additional program notices being issued over time.

So under training and tools, well, first of all, I'll mention that the sort of draft tools that were included in your handouts in this training, again, I suggest that you save copies of that. Those links will not remain active more than just a few days, I believe. But also some really useful things, and I think this is something I go back to on a regular basis is looking on the HUD exchange at the FAQs, frequently asked questions. Those are being built out over time.

So you know, as we get questions that have not -- that HUD's not provided guidance on, we are recommending those for frequently asked questions and they will be -- there are a number that I was looking at today that are in draft form, have yet to be released, and I think you'll continue to see that grow. And that is a searchable, excuse me, location. So that's a good resource and something to kind of regularly take a look at.

There is an IDIS tutorial that's available. That sounds like a fun thing to watch and share with your family for the holidays. There's also a Section 3 final rule guidance. There's a video for Home and Trust Fund, and then there's a video for CDBG-DR and the mitigation grantees. So those are also resources.

There is a DRGR reporting fact sheet, so those of you working in DRGR probably want to take a look at that. I will mention under forthcoming things, so there is an E guidebook, which will kind of be a basic handbook on Section 3. In addition to that, we mentioned the fact that there is -- it's our understanding in beta testing is this service area tool that would be important for HCD folks working in non-urban areas who were needing to try to figure out how large does that service area need to be to have 5,000 in population? And I would think that there may be other tools along the way.

So for instance, by registering on the HUD exchange, you can indicate the topics that you are interested in having updates on. So if you did that on the HUD exchange, when a new Section 3 tool came out, you'd get a notification that, hey, we've just added something that's posted on that site to let you know about those resources.

All right. So important resources. Hopefully that will be an ongoing help to you.

So let's move into our question-and-answer section. So we don't have a lot of questions here. There was a question about do we think HUD will have trainings for the new portal? I've not heard anything about that. That seems like a logical thing, and I suppose part of it depends on, you know, how easy it is to operate. But we don't have any information about that yet, that I

know of. Andelyn, have you heard anything about training on that? Your muted, but I'm guessing from your head nod --

Andelyn Nesbitt Rodriguez: Yes, sorry. No, not that I have heard of.

Les Warner: Okay. So we had another question, which I think maybe is really helpful and kind of clarifying. So the question was as far as Section 3 regarding projects, I think I'm pretty clear. Where I'm less sure is for contracts like garbage hauling, snow plowing, some of the things that we have a contract for that are maybe just an owner/operator. Do we document that? There are no employees?

So first question, I had actually shot a question back to this person asking them, are you a PHA or a HCD? So when we are talking on -- let's do HCD first, because it's kind of simpler. So with HCD, we talked about that first we're looking at what funding sources are covered. And then we know that the only projects, the only thing that is covered is housing construction, housing rehabilitation, and public infrastructure.

So we're also sort of sorting by what that commitment of funds is and determining, oh, you know, that's public service. So it's not covered at all. So if we had a contract that was part of a covered project and was being paid for by that project, then Section 3 would apply to that unless it was a materials-only contract, which we kind of used an example and one of our exercises about, you know, if the contract was only for materials like doors, but there was no installation, there was no construction that was part of that, those would be exempt.

So HCD is really project-specific and we're tracking everything that's paid by that project. On the public housing assistance front -- and I don't know, Andelyn, do we have the -- do we have the slides loaded for day one? If we do, can you take us to slide 44?

Andelyn Nesbitt Rodriguez: Sure. We absolutely do.

Les Warner: Okay. So while she's doing that, so the reason I'm asking her to do that is I wanted to refresh your memory about what's covered for public housing assistance. Perfect. So this applies for public housing assistance to development assistance, operating funds, capital funds, mixed financing, and then we talked about RAD and ROSS and some other things.

So the reason that when I've been talking before about, well, if the if the funds were committed to a project on a particular date or a contract executed is because we have contracts, particularly under PHAs, that are not specific to any maybe to a particular project, but they are operating funds being used for things like you are listing there.

And so, unless they are a materials-only contract, then they become part of your Section 3 requirements. You don't have a -- you don't have a threshold in place on that. And so, they would be covered by Section 3. Close the polling and get back to a question and answers.

Andelyn Nesbitt Rodriguez: I have a question that came through the chat. Suppose the Section 3 recipient receives HCD funds and is required to report their activities in the CAPER and IDIS.

Are they also required to list planned Section 3 activities in their annual action plan and five-year con plan involving the plan? It's a good question.

Les Warner: Well, I'm not aware of anything, any amendment having been done to the con plan and action plan requirements that would ask you to specifically call out and identify projects whether they were Section 3 projects or not. I'm not aware of any guidance that has changed on that, so I don't -- I think the answer is no to that unless there was additional guidance that was provided on that.

There was a question about do we still need to use SPEARS at all? And so, we talked about that for our legacy projects fall under the old rule, maintaining information but not reporting and also for our transition projects. We're not going to be reporting. So for our when we start reporting on Section 3, we're going to be following the program systems to be able to report. So IDIS, DRGR, the Healthy Homes Grant Management System and the new portal that we talked about for public housing. So my understanding would be, no, we're not going to be using SPEARS on that.

Let's see. So there was a question about trying to be really clear on forms that you will need to be using moving forward. So really part of your Section 3 implementation plan is defining what forms that you're going to use. So we have provided as part of this training some sample tools that would be something that you could customize for your use.

So for certifying, we know that for Section 3 workers, for targeted workers, and also for Section 3 business concerns, there is specific criteria that would need to be utilized on that. So you can use these sample forms that have been provided and modify them. In some cases, and I was kind of talking about this yesterday. I think in some cases with projects, you may be determining that the way that the documentation was going to be put in place was that the employer was going to be certifying based on the wage rates of those employees.

So in that case, release for that project, you wouldn't need a sample self-certification form for a worker because you're going to follow the model for having the employer do that. If we have workers that are qualifying because they're an employee of a Section 3 business concern, then we're going to want to have a form to certify the Section 3 business concern. And they, that employer then could certify these are my employees who are working on this project, and I am a certified Section 3 business concern, and that would handle that.

So HUD has not prescribed, here is a specific form you have to use, but has kind of tried to help speed things along a little bit by providing some models that you could adopt or tweak as needed. So keep in mind -- so like on the self-certification form that Andelyn is showing on the screen, this is where they would be marking my individual income is, you know, between these ranges. So those ranges would need to be made based on your local income ranges for eligibility.

Keep in mind, we're going to be certifying that worker based on the income levels for where they reside, rather than where the work site is. So if we were in a, let's say, a non-urban area where we had a large service area, we could have workers that work still in the service area, but we're actually in another MSA. And so, you might need to adapt forms to be able to document this correctly because of those income ranges being maybe a little bit different for some of those

workers. So this is meant to get you started, but it has not -- they've not really handed to you something that's official that you would be using.

Let's see. We have a question. If a PHA is having a project built with contracted agency using Low-Income Housing Tax Credit, what rules apply? So you have to follow the regulations that apply for your funding. So if you're putting in PHA funds that trigger -- and we talked about slide 44 from the first day about development assistance, operating assistance, capital funds. So if -- and they'll probably the most likely would be development funds as part of that project, then you have triggered Section 3 for that project.

So as part of your language in your agreement, as you're committing funds to that project, you are going to need to include language about Section 3. And so that low-income housing tax credit developer is going to be needing to, you know, follow these requirements, provide you the information that's going to be needed to be able to report that. And so, again, this is where that making sure that all of the partners in the project understand their roles and responsibilities becomes really important.

So you know, as early on, as you're having those conversations about putting your funding into that project, you know, reminding them, which really we do with a lot of our projects, putting in a little bit of federal dollars triggers this whole overlay of other requirements and Section 3 becomes part of that also.

So a question about is there a training our non-profits can attend and get this information from HUD?

I believe that this planned series is about to wrap up at the end of the year. I think there are a few additional trainings that are planned specifically for public housing agencies, but we expect that the -- these prerecorded sessions and the materials that we're using are going to be posted after the first of the year. So that does give you another resource. I know that there are grantees that there are choosing to do their own trainings.

I've done some trainings for some of our state clients and also entitlement communities that realize that they needed to get all of their project partners up to speed on that. So there will be materials posted, I believe after the first of the year, that could be a resource for you if you were doing training on that.

Let's see. Um, we're right at the top of our hour, but let's take one more question here. Regarding additional reporting, if benchmarks are not met for construction contracts, would qualitative efforts by the PHA count towards each project as long as they were project specific?

Yes, that would be my understanding. So if it's related to, you know, construction and it's a qualitative effort that would apply appropriately to that project, that would be acceptable and would count as a qualitative effort.

All right. So that really brings us to the end of our time. I want to thank all of our participants in this, particularly our HUD staff, Benita and Hidaia, who have helped facilitate these. You will be

getting an email in the next 24 hours with a training survey. We'd ask that you fill those out. And as part of that, if there's additional training, additional resources that you need, I would -- I would include those as suggestions on that tool and those will go back to HUD. So this is a good way to provide them some direct feedback.

So thanks everybody for your attendance and being so engaged. And good luck. Thanks for participating.

(END)