

# SUMMER ANNUAL MEETING

July 24, 2024

Statewide Association of Community and Economic Development Organizations







# THANKYOU TO OUR SPONSORS

### **AGENDA**

- Welcome and Intro to Meeting
- OCCD Business Meeting and Election
- Break
- Ohio CDC Association Innovative Programs
- -2023 Awardee President's Award
- •2023 Awardee Department of the Year

### AGENDA

- Luncheon / Award Ceremony / Scholarships
- Legislative Update
- Monitoring Experiences
- •MBE / WBE / Section 3 Recruitment
- Reception
- Annual Banquet / Award Ceremony

### OCCD BUSINESS MEETING

- Business Meeting
- Board Elections Nominations from the Floor / Vote
- Committee Reports and Updates



# 15-Minute Break Next Session begins at 10:00 a.m.

July 24, 2024

Statewide Association of Community and Economic Development Organizations



### Who We Are

### **Our Mission:**

We are a statewide membership organization that fosters vibrant neighborhoods and improves the quality of life in all communities through advocacy and capacity building of our member agencies.



### Our Pillars

1 Affordable Housing

Food Access

2 Community Engagement

5 Financial Empowerment

Community
Economic
Development

### 1 Affordable Housing

CDCs revitalize distressed communities by building, rehabilitating, and preserving affordable, safe homes and rentals. Housing development and counseling help Ohio families and communities become stable while attract new jobs and businesses.

2 Community Engagement

Through local engagement, residents can take ownership of their community and are empowered to make lasting changes through grass roots efforts.

### Community Economic Development

Community economic development creates jobs and entrepreneurship opportunities, builds individual and community wealth, and attracts capital to disinvested communities.

## Food Access

CDCs strengthen local food systems, which improve access to healthy foods and benefits the community, its economy, and the environment.



CDCs provide education and asset building tools so low and moderate income families can become financially independent, improve credit, reduce debt, and foreclosure risk, and contribute to community stability.

35+

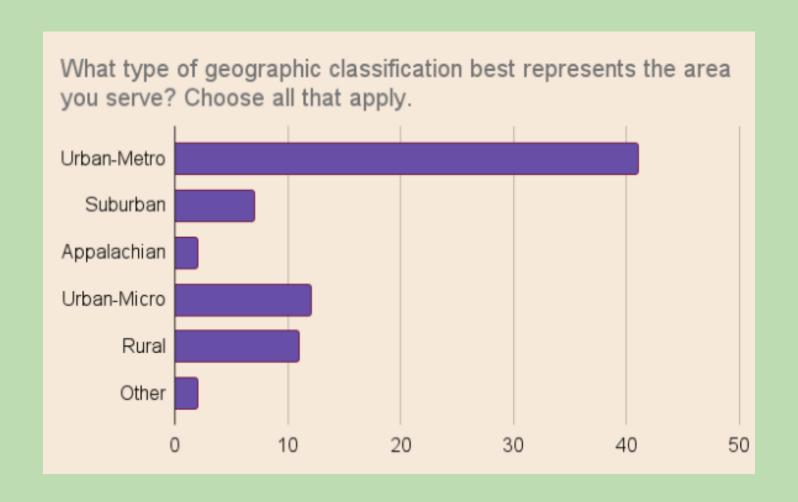
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### Membership Statistics

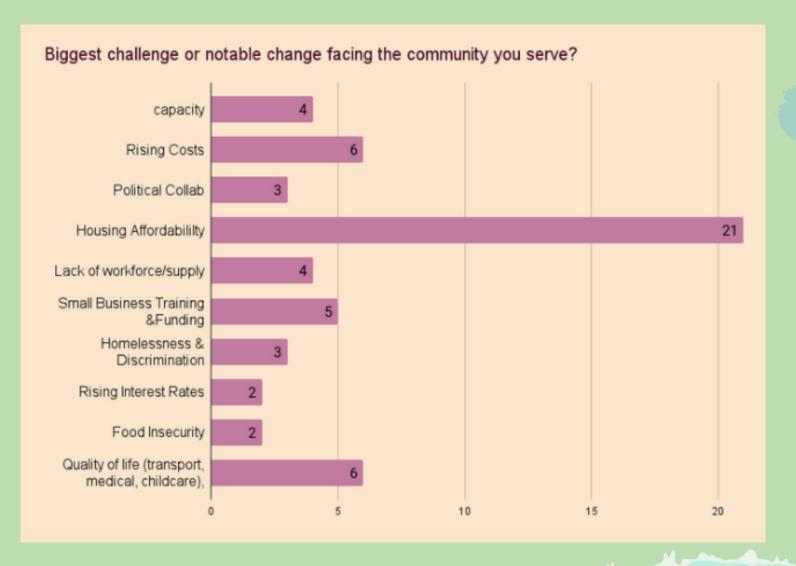


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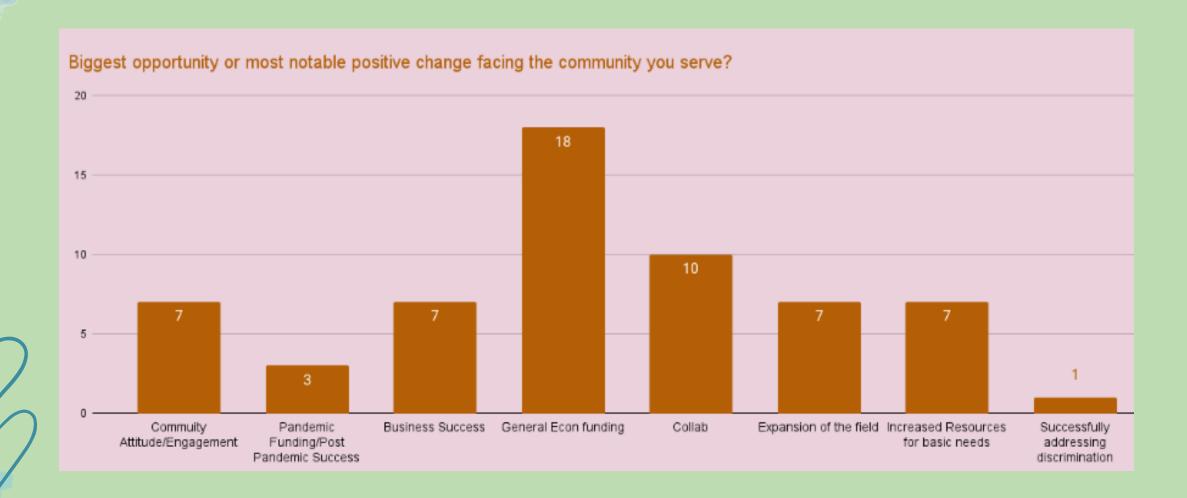
### Membership Statistics Cont.



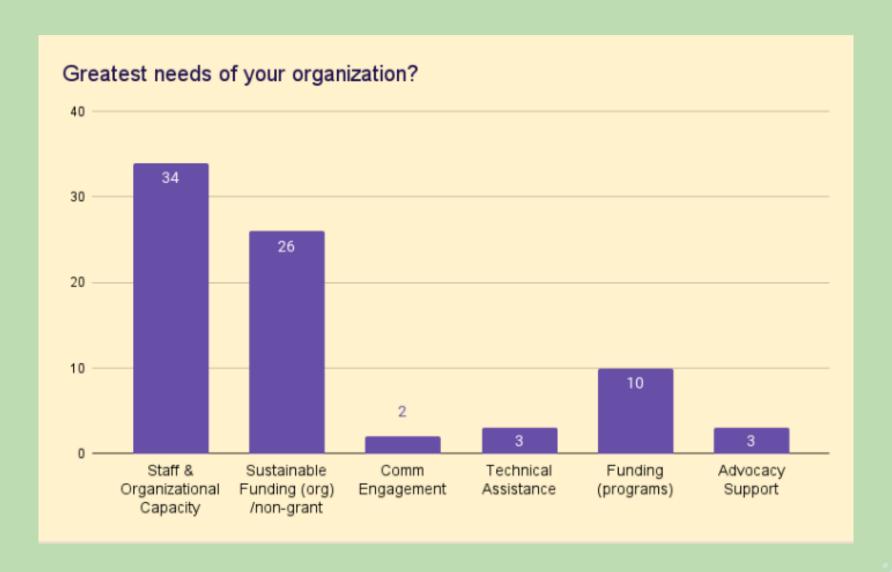
### **Broader Development**



### **Broader Development**



### **Broader Development**



# Ohio Housing Policy Updates

### Low Income Housing Tax Credit

- The Ohio Housing Finance Agency (OHFA) serves as the allocating entity for OLIHTC.
- The intent of the program is to create additional rental housing that would not have otherwise been created using federal, state, or private financing.
- Modeled after the federal LIHTC, OLIHTC allows owners of qualifying affordable rental projects to claim tax credits against state taxable liabilities over a 10-year Credit Period.
- These credits are then exchanged by investors and syndicators for equity to help construct or preserve affordable rental housing throughout the state.

### Single Family Tax Credit

The Single-Family Housing Tax Credit was created in the most recent state budget and intends to leverage public-private partnerships to increase the inventory of affordable, single-family housing for Ohio's workforce. The program provides \$50 million a year for four years to fill the financing gap to develop or rehabilitate housing in Ohio.

### Single Family Tax Credit

- Focused on new construction or rehab of single-family homes or multifamily owneroccupied structures.
  - Local governments can submit applications on behalf of a development team or can designate another entity, such as a CDC, as the lead applicant on behalf of the development team.
  - Applicants may apply for up to \$50,000 in credits per unit. Each project must include at least 5 units and can combine new construction and rehab. Tax credit is calculated based on the difference between the construction costs and appraised value. Tax credit proceeds can be used for either development or affordability subsidy.
  - Buyers must be at or below 120% AMI, with a focus on buyers between 80-120% AMI. The home must be their primary residence.
  - A 10-year deed restriction will be placed on the property. The buyer may pay penalties if they sell to another buyer who is not at or below 120% AMI during that period.

The Ohio Housing Finance Agency (OHFA) has updated the Single Family Tax Credit program guidelines to accept applications monthly. The next deadline is July 26th.

### Welcome Home Ohio

The Welcome Home Ohio (WHO) program is designed to provide grants for the purchase of qualifying residential properties, the cost of construction or rehabilitation, or a nonrefundable tax credit for qualifying activities.

SB 246 would amend the program, with many different changes related to qualified residential housing, counseling programs, counseling providers, the qualified median income, occupancy penalties, grant amounts, and tax credit amounts.

### Welcome Home Ohio

- Focused on new construction or rehab of single-family homes or multifamily owner-occupied structures with less than 10 units.
- Land banks must be the lead applicant for grants for purchase or new construction/rehab. There is no cap on acquisition grants and rehab or new construction grants are capped at \$30,000 per property.
- CDCs may be lead applicant for tax credits. Tax credits are available up to \$90,000 per property, or 1/3 the cost of the project.
- Maximum sales price is \$180,000.
- Buyers must be at or below 80% AMI, must live in the home, and may not rent out any portion for 5 years. There are steep penalties for homebuyers who do not meet this requirement with limited hardship exemptions.
- The home must be sold to a buyer at or below 80% AMI. A 20-year deed restriction will be placed on the property that will require sale to another buyer at or below 80% AMI during that period.

Rolling applications for grants and tax credit applications begin June 29, 2024

### Senate Select Committee on Housing

- An extensive report was released by the Senate Select Committee on Housing, acknowledging Ohio's complex housing challenges, stemming from economic, social, and policy factors.
- Ohio's unique housing situation is described as a combination of fast-growing markets in urban areas and slow-growth markets in rural areas along with population trends and inflation.
- The report also features a compilation of testimony from rural, suburban, and urban areas across the state that can help build a framework for future housing policy.
- Alongside the Ohio Senate Select Committee on Housing's Official 2024 Report, Senators Michelle Reynolds & Hearcel Craig introduced 4 new bills in mid-April
- The bills released alongside the committee report address a number of different issues related to Ohio's housing challenges including tenant protections, property taxes, and more.

### SB 243-246

**SB 243, Zoning Regulations:** Declare the GA's intent to enact legislation addressing local zoning regulations that impede housing development.

**SB 244, Property Tax Exemptions:** Authorize local governments to create residential stability zones where homeowners may qualify for a partial property tax exemption.

**SB 245, Housing:** Revise the law governing eviction, real estate representation agreements, residential building code enforcement, and real property transfers.

**SB 246, Department Name Change:** Rename the Department of Development to the Department of Housing and Development and modify the law related to housing. Also calls for changes to the Welcome Home Ohio program.

# Joint Committee on Property Tax Review & Reform

- Created in the most recent state budget to examine the state's property tax system and make recommendations for improvements
- Several "incremental" recommendations in front of related committees:
  - Circuit breakers
  - Residential stability zones
  - Homestead Exemption expansion

### Ohio Housing Trust Fund

- SB 94 threatens the precedent of the 50-50 split.
- Allows county recorders to create a technology modernization fee that would not be split with the OHTF.
- Precedent could allow county recorders to charge fees without an equal distribution into the trust fund.

### HB 499

- Establishes two grant programs to be administered by the Ohio Housing Finance Agency (OHFA), including a program for townships and municipal corporations that adopt pro-housing policies and a program for housing developments near megaprojects.
- Eliminates the 10% nonbusiness property credit for holding or leasing single-, two-, or three-family housing and directs the saved revenue to funding the bill's housing.
- Extends, from 15 to 30 years, the potential term of a community reinvestment area (CRA) property tax exemption for residential development projects located near a megaproject.



### **Policy Newsletter**

On every third week of the month, OCDCA releases a policy newsletter.

If you are interested in reading our past newsletters or would like to sign up to receive the newsletter in the future please email Arabella Zambito at azambito@ohiocdc.org

### 40<sup>th</sup> Annual Conference

Where? Cleveland, Ohio

When? September 25-27

**Check out our website:** 

https://www.ohiocdc.org/annual-conference



### **Become a Member**

If you are interested in becoming a member or have any questions, please email Julia Robinson at <a href="mailto:jrobinson@ohiocdc.org">jrobinson@ohiocdc.org</a> or visit our website at <a href="https://www.ohiocdc.org/membership-information">https://www.ohiocdc.org/membership-information</a>. Member benefits are available to all staff within the member organization.

Right now we are offering a new member discount with code **NM2024** to get 50% off membership dues.



### **Staff Contacts**

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Andrew Dodson, Director of Capacity Building Training and Technical Assistance, AmeriCorps VISTA, Annual Conference adodson@ohiocdc.org 614-208-9801 Julia Robinson, Member Capacity Manager Membership, AmeriCorps VISTA jrobinson@ohiocdc.org 442-285-4914

Arabella Zambito, Communications & Policy Associate
Job Postings, Member News, Website Questions
azambito@ohiocdc.org
216-509-1110



Advancing equity and family and neighborhood stability through homeownership

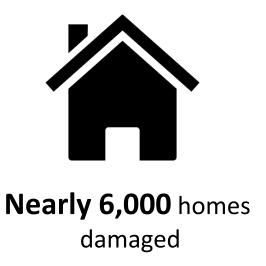
OCCD Summer Meeting – July 2023

Adam Blake, VP Housing, County Corp



## 2019 Memorial Day Tornadoes - Impact







Tornadoes' path disproportionately impacted low-income neighborhoods where many residents were un- or underinsured.

Additionally, more than 1,500 apartment units, including those in several large complexes in Dayton and Trotwood, were condemned because of the storm.

## Survivors – Affordable Housing Impact on Renters

- More than 2,100 families were served through disaster case management
- 53% of them were renters
- There was a lack of affordable rental housing pre-tornadoes

- More than 1,500
   apartment units
   were condemned as a result of the tornadoes
- These included several large complexes
- One still lies in complete disrepair
- Some were not rebuilt by the property owners





Tornado Survivor Pathway to Homeownership Program

### Pathway to Homeownership Program



- Opportunity for synergy as a result of tornado recovery efforts and engagement
- Provide qualified tornado-impacted renters with opportunities to become homeowners
- Affordable housing + neighborhood stabilization



### Pathway Overview

Addressing the need for survivor housing by:

- Leveraging the breadth of available resources to build and rehab houses on donated properties
- Preparing prospective homeowners for homeownership
- Stabilizing disaster impacted families and communities (both by new investment and putting nuisance properties back into productive reuse)

## Pathway Program Resources

#### **Leadership (Non-Profits)**

- County Corp
- HomeOwnership Center of Greater Dayton

#### **Funding**

- Organizational and private donations (TDF Pathways Fund)
- Federal grants
- Montgomery County
- City of Dayton

#### **Properties**

Jurisdictions & County Land Bank

#### **Build Partners**

- Faith Based
- Sinclair College
- AmeriCorps/Youth Build
- Career Tech Centers



## Transforming Lives and Communities

**Before:** Empty Lot on the left next to a vacant property

After: New build raised on the left by Mennonite Disaster Service and rehab on the right completed by Brethren Disaster Ministries





## Pathway Program from Community Perspective



# Supporting the Attainment of Homeownership Goals

# What is the Homeownership Center of Greater Dayton?

Mission: Empower area residents to achieve sustainable homeownership and financial success

#### **HOC Services:**

- Homebuyer Counseling and Education
- Foreclosure Prevention Counseling
- Credit Counseling
- Debt Management



**52** 

First Time Homebuyers Leveraged

\$6.4 M

in Mortgage Lending

**CCCS** 

108

Household Paid Off

\$536 K

on Credit Card and Medical Debt

#### **HUD and NFCC Certified Counselors**

Worked with

790

Households to Provide Homebuyer Counseling



231

Households on Credit Counseling



603

Households to Provide Foreclosure Prevention

#### **COVID-19 GRANTS**

\$1.3 M

Mortgage, Property Tax, and Utility
Assistance Grants



#### Down Payment Assistance

20

Households Purchased First Home w/

\$221 K

In Down Payment Assistance Funds

### State of Homeownership in the Region - Availability

## 2021 Housing Needs Assessment commissioned by the Miami Valley Nonprofit Housing Collaborative:

- The Dayton region has an affordable housing crisis.
- 43% of renter households are housing cost burdened
- We have a countywide rental occupancy rate of 99% with few vacancies among affordable properties.
- Very limited available inventory to purchase in Montgomery County and the age and condition of lower-priced homes presents financial challenges for lower-income households
- An overall affordable for-sale housing gap of over 4,600 units

## State of Homeownership in the Region - Equity

There are significant equity issues related to homeownership in the region

- Homeownership is a social determinant of health
- 42.4% of the population in the study region was categorized as Black while the Census data suggests that only 13.6% of housing in the region is classified as "owner-occupied Black/AA".
- Nationally, Americans who are Black, Hispanic or younger are more likely to rent than own



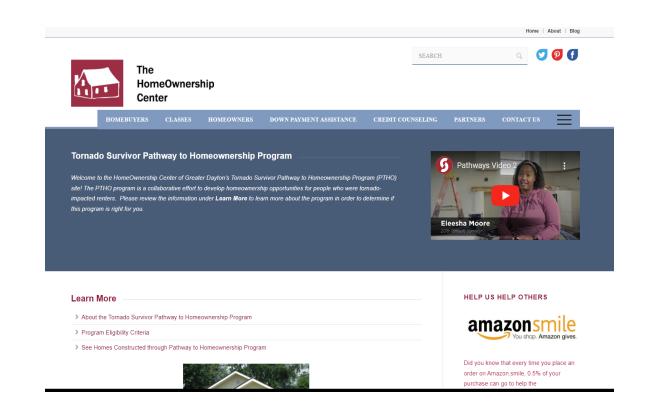
#### HomeOwnership Center Role in the Pathway Program

Outreach and marketing of the opportunity – Disaster-impacted DCM and FEMA clients, social media, jurisdictions

#### **Application**

- Online and paper application process
- Intake and eligibility determination
- Collect documents and process application
- Homebuyer counseling and education
- Develop personalized action plan to mortgage readiness

Shepherding through process of becoming a homeowner

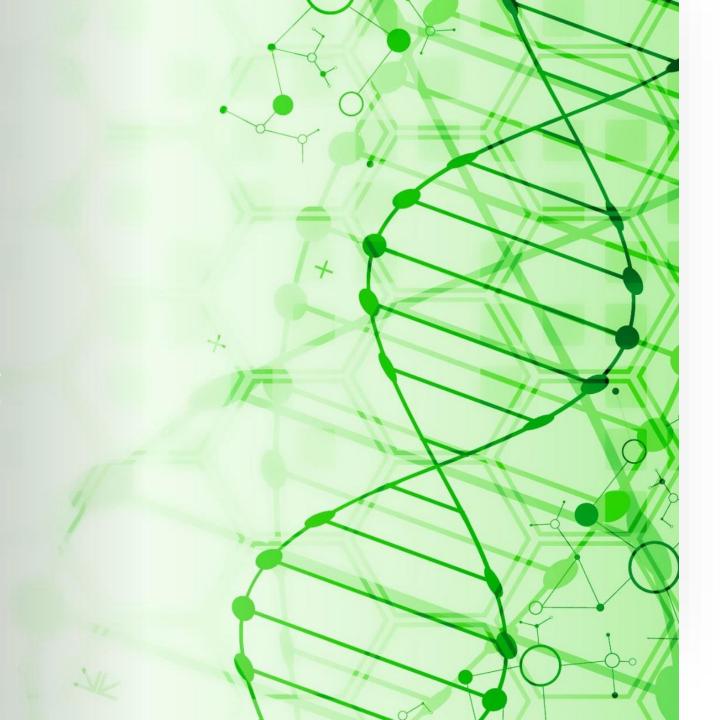


## Pathway Program Applicants

Race	Gender	Have Children in the Household
76% Black	<b>71% Female</b> (primary applicant)	29%
Income	Age	Converted Sec 8 Housing Choice Vouchers
< 80% AMI - 10 buyers 80-120% AMI - 7 buyers	22 - 64 18% are seniors	4 buyers



Synergy – Building Affordable Housing Opportunities



# What is CountyCorp?

- 40+ year old CDC and affordable housing provider for Montgomery County and the City of Dayton
- Serves the entire spectrum of income levels but focuses on helping under-resourced and vulnerable populations with affordable housing programs
- Focused capacity on home repair and accessibility modification programming
- Cultivates workforce development opportunities through the YouthBuild DOL grant and a partnership with Sinclair
- Has developed over 500 units of affordable housing in the past 10 years



Partner Relationships with Land Bank, local governments and local Community Improvement Corporations

When siting projects, first places to go are Land Banks and local governments

Keeps acquisition costs low which allows more resources to flow into community development projects

Long history of working together – know how to navigate each other's organizations

Additional synergy as a result of colocation with Land Bank and HOC

## County Corp Role in the Pathway Program

- Nimble 501c3 that can act as a highcapacity fiscal agent with the added experience of leveraging resources for community development
- Experienced property owner
- Experienced construction manager
- Long term strategy and project management

## PTHO Funding Overview

\$2.8M raised

#### **Major Sources**

- CBDG DR funds (10% holdback) \$1.14M
- City of Dayton/Citywide
- Individual, Organizational and Foundation Donors

## Project Status



#### Phases I & II

19 homes – City of Dayton, Harrison Township, Trotwood

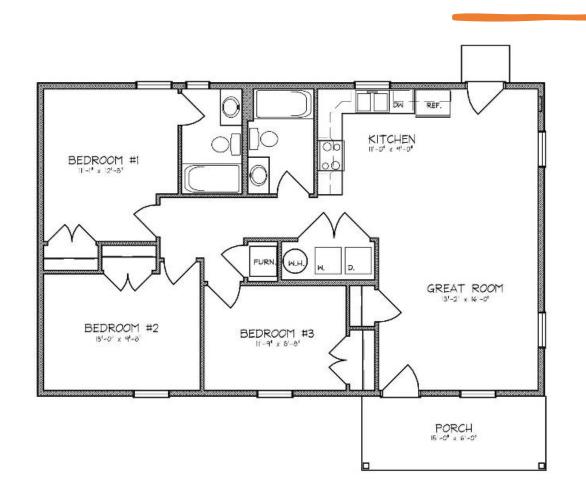
- All completed
- 17 sold, 2 on market now (the completion of last three homes was May 2024)



#### Phase III

Proposing 30 additional homes over 3 years

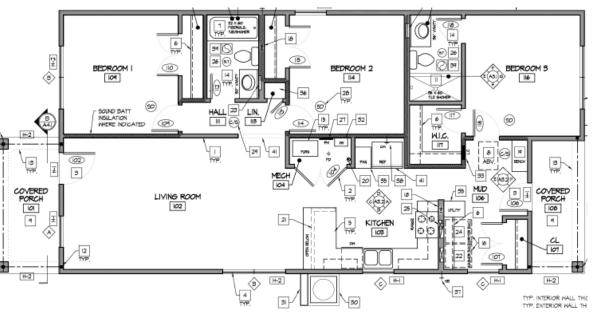
## Redbud Model (1,092 Sq Ft)





## Dogwood Model (1,187 Sq Ft)





#### 4189 Saylor Street Harrison Township — Sinclair, YouthBuild, BDM & Southbrook



#### 418 Smith Rehab BDM, Southbrook, Disciples





### Land Bank Perspective

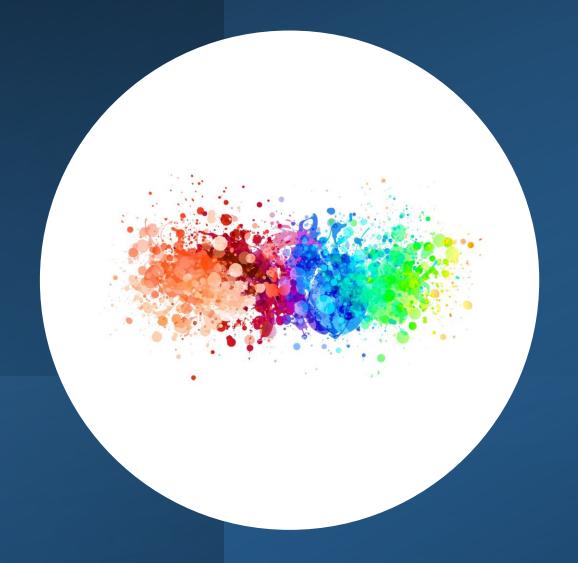
- Thought initially their role would be in property demo
- As FEMA/Township reimbursement process became evident, the Land Bank just monitored and watched for other opportunities -
- PTHO provided good opportunity to plug in

### Land Bank Role in Pathway Program

- Received basic criteria for the program property type, size, communities
- Assembled data on available lots (Land Bank and jurisdictions)
- Worked with Pathway team to review options (paper and drive by assessments for fit), assisted in priority ranking
- Once desired properties were identified Land Bank worked to secure transfers to County Corp for construction

"Great outcome for what had been blighted and abandoned properties, and a great shot in the arm for the neighborhoods!"

# Best Practices and Lessons Learned



Best Practice Recommendations You don't need a disaster to collaborate to address affordable housing opportunities and to leverage resources to address community problems

### Best Practice Recommendations

- 1) Find qualified blue-sky organizations that can handle the property acquisition, construction, and applicant/buyer processes.
  - Property identification and acquisition
  - Property ownership during construction & management of construction activity
  - Prospective homeowner preparation
- 2) Work collaboratively on regional funding opportunities and make plans to manage them.
- 3) Establish and communicate criteria for program eligibility.
- 4) Include prospective homeowner education.

#### Lessons Learned

- 1) Volunteer management is complex
- 2) Carefully assess prospective properties location, size, & zoning requirements
- 3) Assess, monitor capacity of organizational partners
- 4) Understand and address the requirements for the use of various funding streams on each property
- 5) Secure strong financial partners

# Important Web Sites and Contact Information

#### PTHO Program Information and Application

www.homeownershipdayton.org

#### **PTHO Available Properties**

www.countycorphousing.org/properties

#### Adam Blake

ablake@countycorp.com 937.531.7048

## National VOAD 2022 Innovative Program of the Year Award



## 2023 OCCD President's Award

#### 2023 OCCD President's Award

Presented to

Pathways to Homeownership CountyCorp

- HOOK

Pathways to Homeownership is targeted to households that were living in a property impacted by the tornadoes in May 2019. Housing units are being built in those communities most impacted by the destruction - Dayton, Harrison Township and Trotwood. CDBG-DR funds are being used to pay for construction of the housing units.

Partners in this effort include the State of Ohio, Montgomery County, CountyCorp, and the Homeownership Center of Greater Dayton. Other partners include the City of Dayton, Harrison Township, the City of Trotwood, Montgomery County Landbank, various volunteer build teams and the Miami Valley Long-Term Recovery Operations group.

This program reflects outstanding performance in addressing significant and immediate needs in the area and is contributing to the local recovery, as well as creating additional affordable housing units.

Congratulations!

2024 HUD Secretary's Award for Public-Philanthropic Partnerships



## Questions



#### Video links

The two posted on the HOC web site

- <a href="https://youtu.be/w0HZrF3Zj9E">https://youtu.be/w0HZrF3Zj9E</a> (not used in this presentation)
- <a href="https://youtu.be/uQO3limtg-o">https://youtu.be/uQO3limtg-o</a> (embedded in slide 9)

Sonya's story – Spectrum News (embedded in slide 16)

 https://spectrumnews1.com/oh/columbus/news/2022/04/13/tornad o-survivor-moves-one-step-closer-to-homeownership



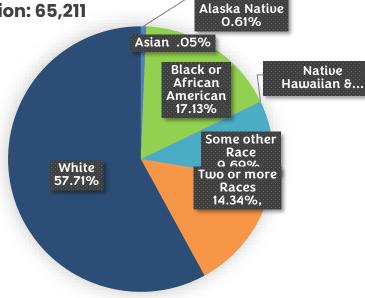


The International City

American Indian

City of Lorain Population: 65,211

Hispanic / Latino: 29.2% Non-Hispanic / Latino: 49.4%



#### **Community Quick Facts:**



**27,957**Total Households



\$46,592
Median Household
Income
(21.7% live in poverty)



29,566
Total Housing Units
(62.1% Homeowners)



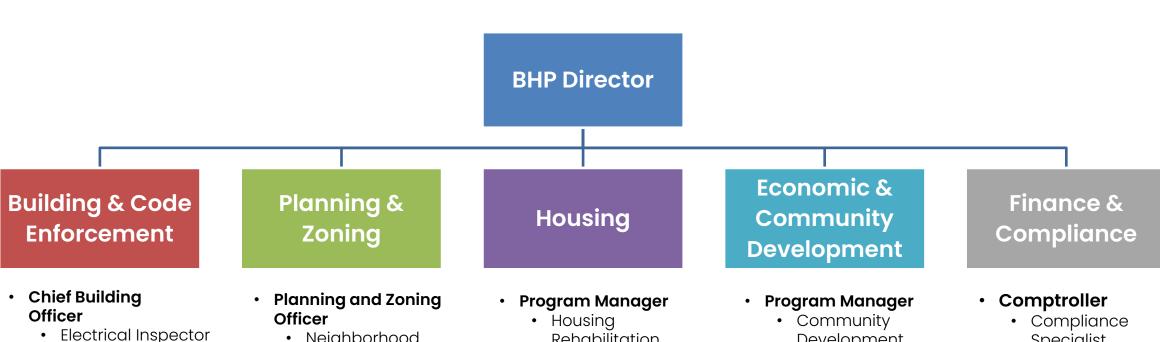
53% Employment Rate

#### **Top 3 Employers**

- Sprenger Health Care Systems
- Community Health Partners Regional Medical Center
- Camaco, LLC.
  Top 3 Industries
- Educational Service, Healthcare and Social Assistance
- Manufacturing
- Retail Trade

#### Department of Building, Housing and Planning

#### Organizational Chart



- Plumbing Inspector
- Building Inspector
- Housing Inspectors
- Office Manager
- Administrative **Technicians**
- Intern

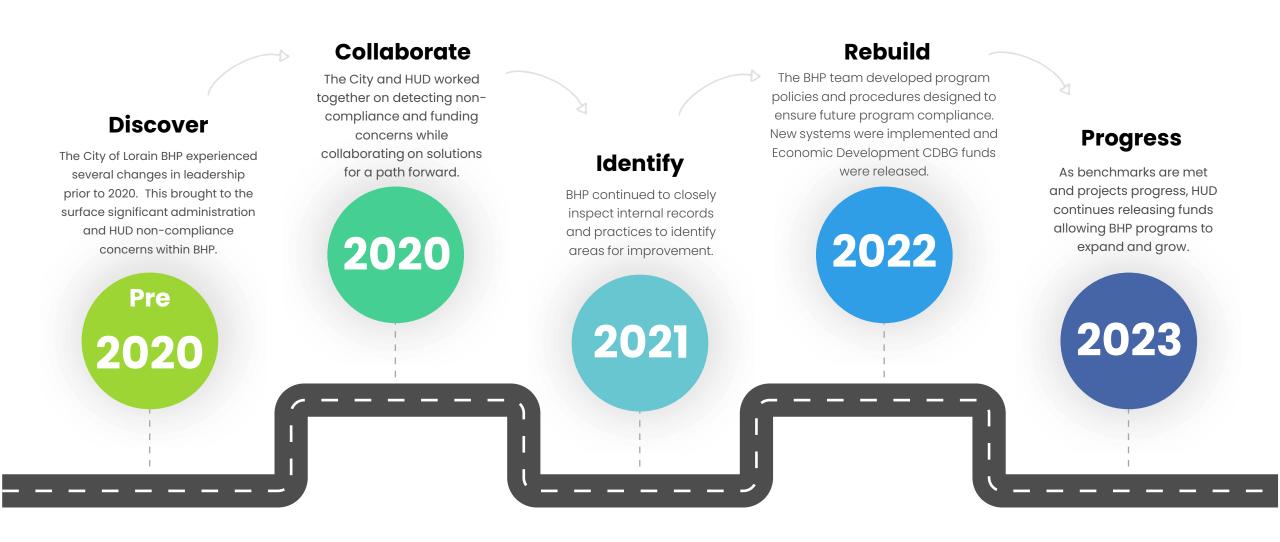
- Neighborhood Development Specialist
- Intern

- Rehabilitation Administrator
- Housing Development Coordinator
- Housing Finance Specialist

- Development Coordinator
- Community Development Specialist

- Specialist
- Accounts Clerk

#### Rebuilding the Department of Building, Housing and Planning



### A New Day at Building, Housing and Planning

#### **Current Projects**



Community & Economic Development



Housing, Rehab & Homeownership



**Collaborative Partnerships** 

# Community & Economic Development



#### **Business Loans & Grants**

- Small Business Stabilization Program
- Minor Storefront Renovation Program
- Relief & Recovery Fund Program
- 360 Business Loan Program

#### **Waterfront Redevelopment**

- Hot Waters Boat Launch
- Pellet Terminal
- Port Authority Stage Project





#### **USDA UAIP Planning Grant**

 Making healthy food available for everyone in the City of Lorain.

# ent

#### **Waterfront Redevelopment**











#### **USDA UAIP Planning Grant – Visit from USDA**



#### **Minor Storefront Renovation Program**





### Housing, Rehab, & Homeownership



#### **Housing Programs**

- Essential Home Repair under \$15,000
  - 17 Homes Completed in 2023 –
     2024
- HOME Rehab Program under \$75,000
  - 3 to 4 Homes to Complete in 2024

#### **New Homeownership**

 Down Payment Assistance





#### Non-Congregate Shelter

Homeless Shelter HOME-ARP

# Gallery Progra

#### **BEFORE**



**BEFORE** 



**BEFORE** 



**AFTER** 



**AFTER** 



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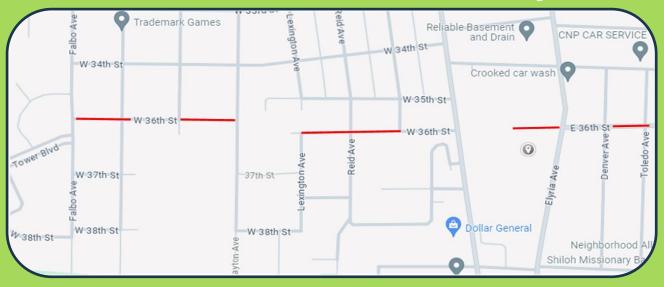
# Community Planning Through Partnerships

#### **Habitat for Humanity**

 Home Foundation Repair Program



#### City of Lorain Engineer's Office RAISE Grant – E. 36<sup>th</sup> Street Project



 Connecting South Lorain to opportunities in East and West Lorain via the extension of E. 36<sup>th</sup> Street.

# Choice Neighborhood Initiative







CNI leverages public and private dollars to support locally driven strategies that address struggling neighborhoods with distressed public or HUD-assisted housing through a comprehensive approach to neighborhood transformation.



# Early Action Activity









# Choice Neighborhood Initiative

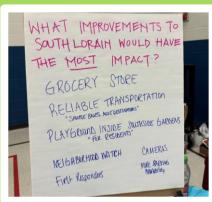
## Community Driven Plan Community Led Decision Making

#### Resident Engagement Events and Listening Sessions











Housing Style | Neighborhood Amenities | Youth Programming | Education | Arts & Culture | Health & Safety | Supportive Services





**Motorsports Complex** 

Waterfront Redevelopment

Housing Counseling





# Luncheon and Awards Ceremony

Next Session begins at 1:30 p.m.

July 24, 2024

Statewide Association of Community and Economic Development Organizations

#### LEGISLATIVE UPDATE

• Tony Core, Senior Attorney, Squire Patton Boggs



#### MONITORING EXPERIENCES PANEL

- Jordan Frase, Senior CPD Representative, HUD
- Elina Felton, Senior CPD Representative, HUD
- · Wes Watkins, Community Development Analyst, ODOD
- Angela Rahman, City of Kettering
- Lucie McMahon, City of Columbus

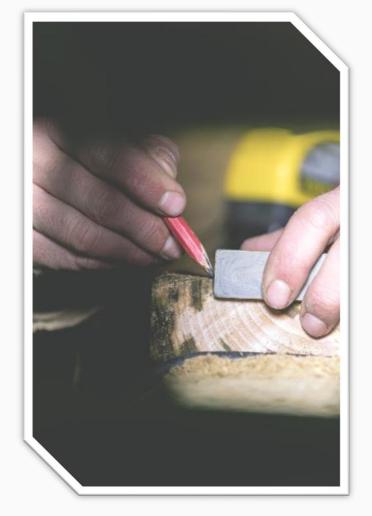
Increasing Economic Opportunity

for Low-Income Individuals

# HUD Section 3



Anthony F. Forte HUD, FPM Field Office Director Region 5



#### **HUD Secretarial Section 3 Delegations**



#### **Field Policy and Management**

Manage Section 3 reporting system and other systems of record, administer Techincal Assistance funds, coordinate best practices to external stakeholders

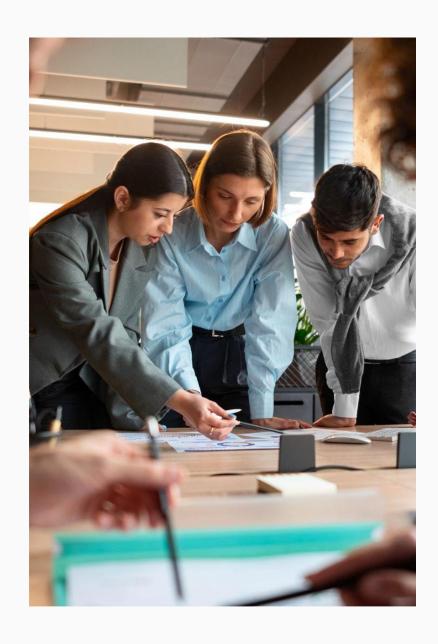


#### **Program Area (CPD, PIH, MF, Etc.)**

Section 3 administration, compliance, and enforcement within the scope of the applicable grant programs



Secretarial Delegation promulgated in *Delegation of Authority for the Office of FPM* 85 Fed. Reg. 62753:





# Intent of Section 3



#### **Statutory Intent of Section 3**

To ensure that the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing.

Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. § 1701u(b))

#### §1701u. Economic opportunities for low- and very low-income persons

#### (a) Findings

he Congress finds that—

(1) Federal housing and community development programs provide State and local governments and other recipients of Federal financial assistance with substantial funds for projects and activities that produce significant employment and other economic opnortunities:

(2) low- and very low-income persons, especially recipients of government assistance for housing, often have estricted access to employment and other economic opportunities;

(3) the employment and other economic opportunities generated by projects and activities that receive Federal housing and community development assistance offer an effective means of empowering low- and very lowincome persons, particularly persons who are recipients of government assistance for housing, and

(4) prior Federal efforts to direct employment and other economic opportunities generated by Federal housin and community development programs to low- and very low-income persons have not been fully effective and should be intensified.

#### (b) Policy

It is the policy of the Congress and the purpose of this section to ensure that the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing.

#### lose who are recip

#### (1) Public and Indian housing program

#### ) In general

The Secretary shall require that public and Indian housing agencies, and their contractors and subcountactors, make their best efforts, consistent with existing Federal, State, and local laws and regulations, to give to low-and very low-income persons the training and employment opportunities generated by development assistance provided pursuant to section 143 % of this 42, operating assistance provided pursuant to section 143 % of this 42, because the section 143 of this 42.

#### 3) Priority

The efforts required under subparagraph (A) shall be directed in the following order of priority:

(i) To residents of the housing developments for which the assistance is expended.

(ii) To residents of the notising developments for which the assistance is expended.

(ii) To residents of other developments managed by the public or Indian housing agency that is expending the assistance.

(iii) To participants in YouthBuild programs receiving assistance under section 3226 of title 29.
(iv) To other low- and very low-income persons residing within the metropolitan area (or nonmetropolitan county) in which the assistance is sexuended.

#### Other programs

#### (A) In general

In other programs that provide housing and community development assistance, the Secretary shall ensure that, to the greatest extent feasible, and consistent with estimpt Federal, State, and local laws and regulation opportunities for training and employment arising in connection with a housing relabilitation (including reduction and abstement of lead-based paint hazards), housing construction, or other public construction project are given to low- and very low-income persons residing within the metropolitan area (or nonmetropolitan county) in which the project is located.

#### B) Priority

Where feasible, priority should be given to low- and very low-income persons residing within the servic area of the project or the neighborhood in which the project is located and to participants in YouthBuild programs receiping assistance under section 3206 of title 20

#### tracting

The term "a business concern that provides economic opportunities" means a business concern that—
(A) provides economic opportunities for a class of persons that has a majority controlling interest in the
susiness:

B) employs a substantial number of such persons; or

(C) meets such other criteria as the Secretary may establis

#### (f) Coordination with other Federal agencies

he Secretary shall consult with the Secretary of Labor, the Secretary of Health and Human Services, the retary of Commerce, the Administrator of the Small Business Administration, and such other Federal agencie he Secretary determines are necessary to carry out this section.

#### ) Regulations

alter than 180 days after October 28, 1992, the Secretary shall promulgate regulations to implement this

Recipients of HUD Funding

Residents

at laws and regulations e provided pursuant to tle 42, and ems that provide

> of priority: housing development

er housing

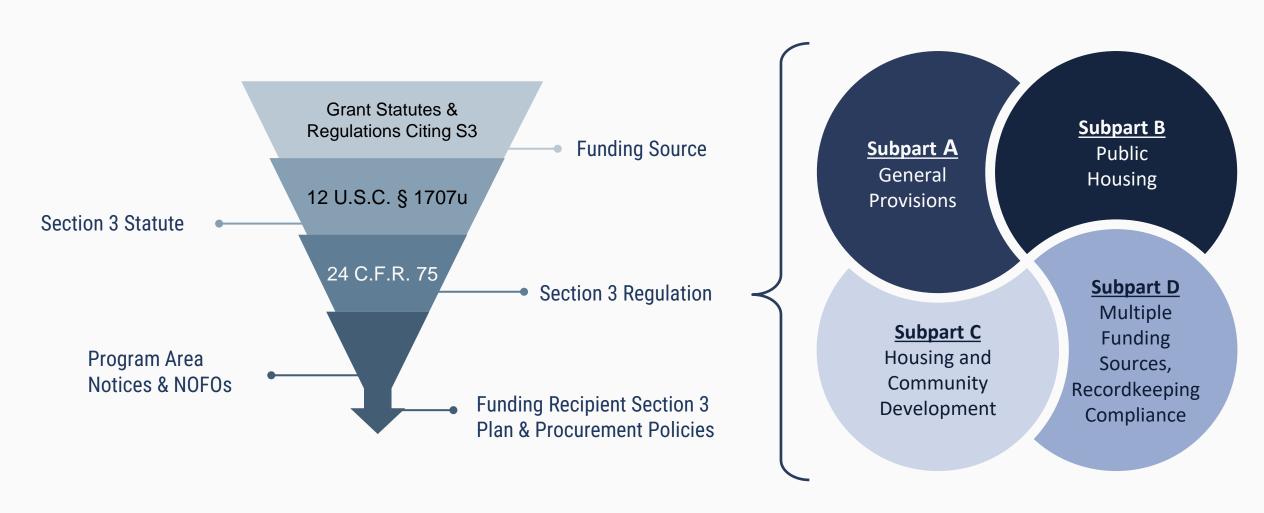
low-income persons stance is provided.

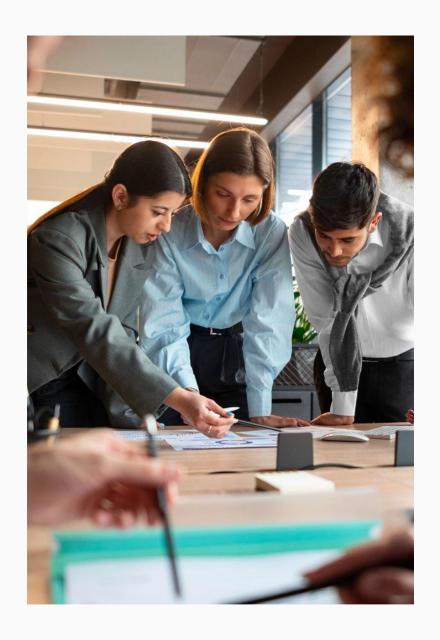
grams, the Secretary state, and local laws and rehabilitation , or other public es for low- and very ) in which the

nic opportunities for e neighborhood in ction 3226 of title 29.

ings given the terms

#### **Section 3 Regulations/Rules**







# Fundamental Section 3 Definitions

#### **Section 3 Worker/Business**



#### **Section 3 Worker**

Worker who is, or when hired in the past 5 years\* was:

- A Low- or Very Low-Income individual; or
- A Youthbuild participant; or
- Employed by a Section 3 Business Concern

Only need to meet one of the prongs!





#### **Section 3 Business Concern**

Business meeting at least one criteria within the last six month period:

- ≥ 51% owned/controlled by low-or very low-income persons; or
- > 75% of the labor hours performed for the business over the prior 3 month period are performed by Section 3 Workers; or
- ≥ 51% owned/controlled by current public housing residents or residents who currently live in Section 8-assisted housing

\* Cannot look back prior to November 30, 2020 – the effective date of 24 Part 75

#### **Targeted Section 3 Worker (TS3W)**



## **TS3W for Public Housing Funds**

#### A Section 3 Worker who is:

- Employed by a Section 3 Business Concern; or
- Who currently fits, or when hired fit, one of the following definitions, as documented in the previous 5 years\*:
  - Resident of Public Housing or Section 8-assisted housing; or
  - Resident of other Public Housing projects or Section 8-assisted housing managed by the PHA that is providing the assistance;
     or
  - A Youthbuild participant



## TS3W for Housing Community Development Funds

#### A Section 3 Worker who is:

- Employed by a Section 3 Business Concern; or
- Who currently fits, or when hired fit, <u>one of the</u>
   <u>following definitions</u>, as documented in the previous 5
   years\*:
  - Living within the service area or the neighborhood of the Section 3 project; or
  - A Youthbuild participant

## Section 3 defers to local, state, and other federal rules and regulations. (24 C.F.R. §§ 75.9 & 75.19)

#### **When Status Determined**



## Section 3/TS3 Worker



A Section 3/TS3 Worker status determined at either:

- Date of Initial Hire/Contract; or
- Post-Hire certification date.



Once established Section 3/TS3 Workers may report their labor hours for 5 years from the date used to determine their status\*

Workers may reestablish their status as a Section 3/TS3 Worker at any time.



#### **Section 3 Business Concern**

Prior to contracting grantees/contractors may maintain a self-certified registry.



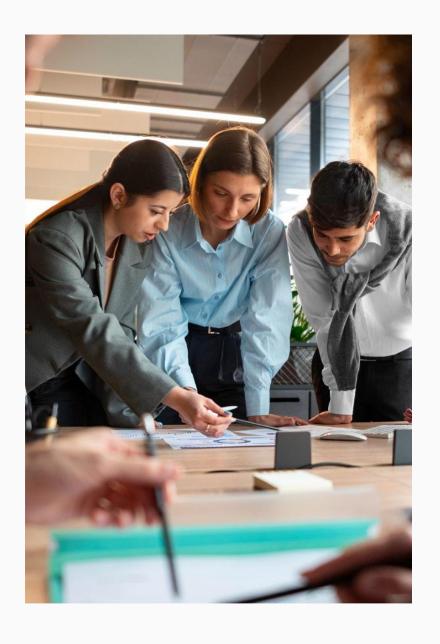
Verification of Section 3 Business status is done at time of contracting, which means:

- Anytime post contract date, but
- No earlier than 6 months prior to contract date.



Once verified a Section 3 Business maintains Section 3 status for as long as it continues to meet the definition (generally the length of the contract)

<sup>\*</sup> Cannot look back prior to November 30, 2020 – the effective date of 24 Part 75





# Applicability / Requirements of Section 3

## **Section 3 Applicability Determined by Funding Source**

2020-24 Indiana Funding

\$431.66 Million



#### **Public Housing**

#### **Applies to Entire Grant**:

- Section 3 requirements apply to *all* activities funded with the following funds, regardless of the amount funded:
  - Operating Funds
  - Capital Funds
  - Development/Modernization Funds
  - RAD See notice for specifics

Check Program Regulations, Notices, and NOFOs of HUD Funds for more info on applicability

#### \$860.41 Million



## Housing & Community Development

#### **Application Determined by Project:**

- Section 3 requirements for HCD funding apply to only those projects that meet the definition of a Section 3 Project under §75.3:
  - CPD Formula Grants
  - CPD Competitive Grants
  - Lead Grants
  - Multifamily Grants

24 C.F.R. § 75.29 includes a special provision for projects with multiple funding sources (e.g. RAD Projects).

#### **HCD - Section 3 Project Definition**



#### **Section 3 Project:**

- Housing rehabilitation, housing construction, and other public construction project that is
- Assisted under HUD programs that provide HCD financial assistance
- · When the total amount of HCD assistance to the project exceeds a threshold of \$200,000
  - The threshold is \$100,000 where the assistance is from Lead Hazard Control and Healthy Homes program funding.

A project for this purpose is the site(s) together with any building(s) and improvements on the site(s) that are *under common ownership, management, and financing*.



Applies to Section 3 projects for which assistance or funding is committed on or after July 1, 2021 – See CPD Notices for more information

#### NOTE: Material Only contracts are exempted from Section 3 Requirements

#### **Section 3 Requirements**



#### PHAs & their contractors/ subcontractors

Consistent with existing Federal, state, and local laws & regulations must make their best efforts to provide to Section 3 Workers

#### **Make Best Efforts to Provide**

Employment & Training to:

24 C.F.R. § 75.9

Contracting with S3 businesses providing economic opportunity to:

- TS3 Workers living in PHA Project
- TS3 Worker subsidized by funding PHA
- Youthbuild Participants
- L/VLI Persons residing within Metro/County where assistance provided



#### Housing & Community Development Funding

Consistent with existing Federal, state, and local laws & regulations shall provide to Section 3 Workers in Metro/County where the project is located

#### To the Greatest Extent Feasible

Employment & Training to:

24 C.F.R. § 75.19

Contracting with S3 businesses providing economic opportunity to:

- Section 3 Workers residing <u>within neighborhood</u> of the Section 3 Project – See <u>Neighborhood Tool</u>
- Youthbuild Participants / Programs

#### **Neighborhood Service Area**

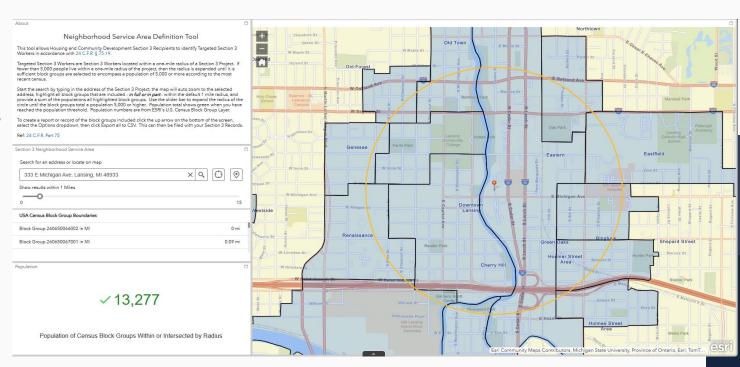


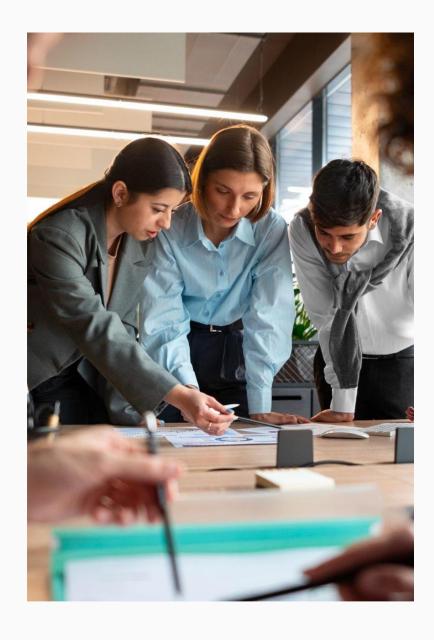
- An area within one mile of the Section 3 Project.
- If fewer than 5,000 people live within a one-mile radius of the Section 3 Project, then the circle is expanded until it is sufficient to encompass 5,000 people.

Due to the nature of census data, HUD does not expect this to be a perfect circle and allows for the inclusion of entire census block group/tract that touches anywhere within the radius of the circle. Not appropriate to try and pro-rate a census block group/tract.

# HUD Region 5 Section 3 Resource Hub includes a HCD Neighborhood Service Area Tool

Designed to assist grantees and contractors in determining the Neighborhood Service Area.





04

## Section 3 Reporting



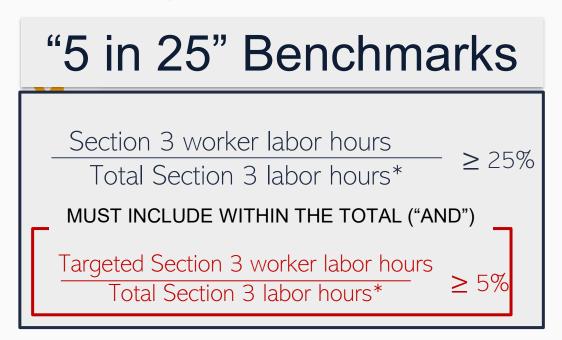
#### **What is Reported**

- HUD Funding Recipient is ultimately responsible for reporting
  - Leeway and flexibility in how this is conducted
- Reported information determines if recipient met benchmarks and safe harbor
  - If safe harbor not met, recipient reports on qualitative measures undertaken to meet Section 3 goals
- Requires tracking of:
  - Total Labor Hours (minus professional services)
  - Section 3 Worker Labor Hours
  - TS3 Worker Labor Hours
  - Prioritization efforts undertaken to meet benchmarks (qualitative efforts)

## **Establishing Safe Harbor**

HUD considers recipients to have complied with Section 3, absent any contrary evidence, if they – MUST DO BOTH!:

- □ *Certify that they have met the prioritization efforts* outlined in § 75.9 or §75.19 (as applicable), *AND*
- Meet or exceed the applicable Section 3 Benchmarks as published every three years in the Federal Register



### Section 3 Worker

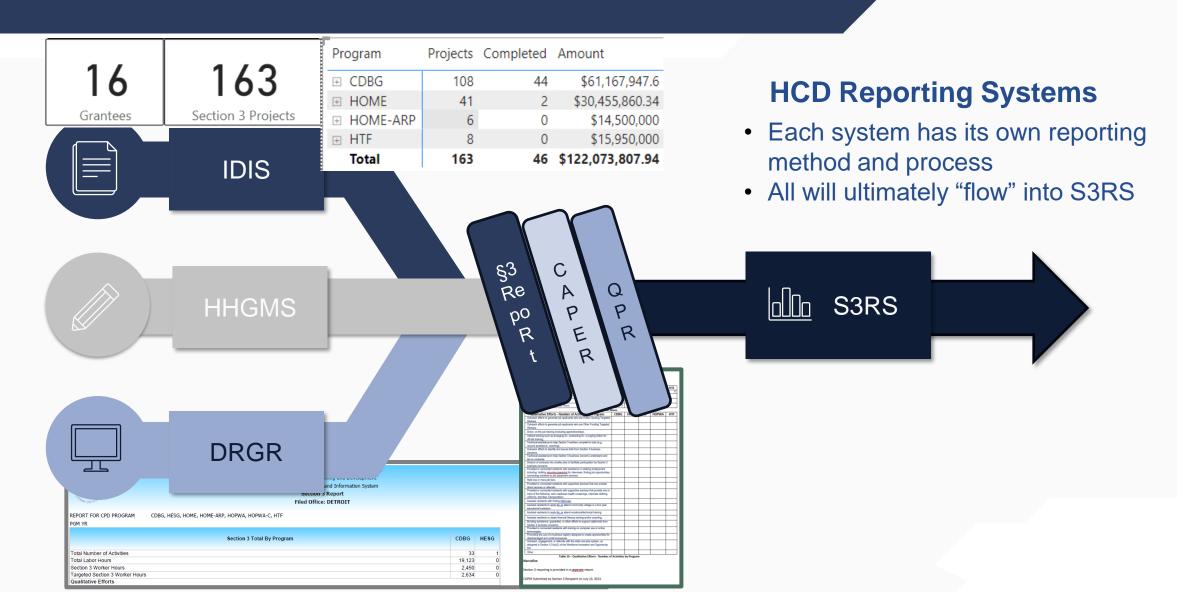
Worker who is, or when hired in the past 5 years\* was:

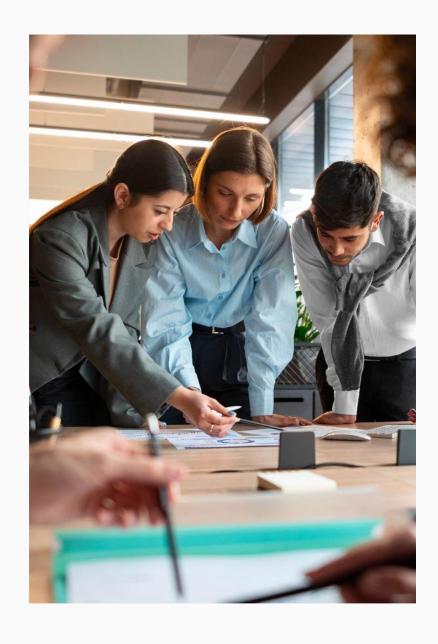
- A Low- or Very Low-Income individual; or
- A Youthbuild participant; or
- Employed by a Section 3 Business Concern

## **Qualitative Efforts**

- Outreach efforts to generate job applicants who are Targeted Section 3 workers
- Training/apprenticeship opportunities
- Technical assistance provided to help Section 3 workers compete for jobs (resume assistance, etc.)
- Provide/connect Section 3 workers with assistance in seeking employment
- Holding job fairs
- Provided/referred Section 3 workers to services supporting work readiness and retention
- Provided assistance to apply for/or attend education/vocational training
- Provide financial literacy training
- Engage in outreach to identify and secure bids from Section 3 business concerns
- Provide technical assistance to Section 3 business concerns to help them understand Section 3 requirements
- Divided contracts into smaller jobs to facilitate participation by Section 3 businesses
- Provide bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns
- Outreach, engagement, or referrals with the state one-stop system

## **HCD Reporting Systems**







## Section 3 Best Practices





Integrate Section 3 certification into Employment programs such as FSS and Jobs Plus



Working with Federal Partners and promoting federal/state incentives for hiring low-income individuals



**WORK OPPORTUNITY TAX CREDIT** 



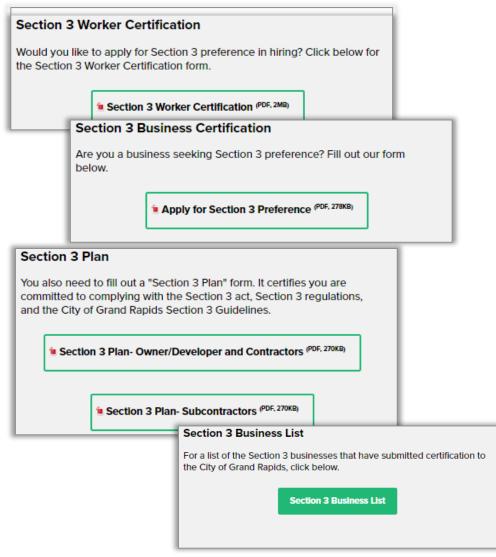
Hold informational meetings on Section 3 with your community and residents (may request field or regional support from HUD)



Include Section 3 information in your contractor briefings, indicating the advantages of hiring a Section 3 worker and becoming a Section 3 business

Maintain a list of businesses that self-certify as Section 3 for affirmative outreach when contracting opportunities become available

#### Develop local/regional Section 3 Plan and Shared Business List and put it online



## **Preparation/Project Set-up**

#### **Enact Section 3 Policy that includes:**

- Methods to capture contractor/subcontractor Qualitative Efforts
- Outreach methods and requirements to increase Small Business participation by
  - Establishing equitable and accessible Small Business outreach lists for minority and women owned businesses (8a businesses)
  - Breaking larger contracts into smaller scope of work to increase ability of Small Businesses to meet capacity requirements

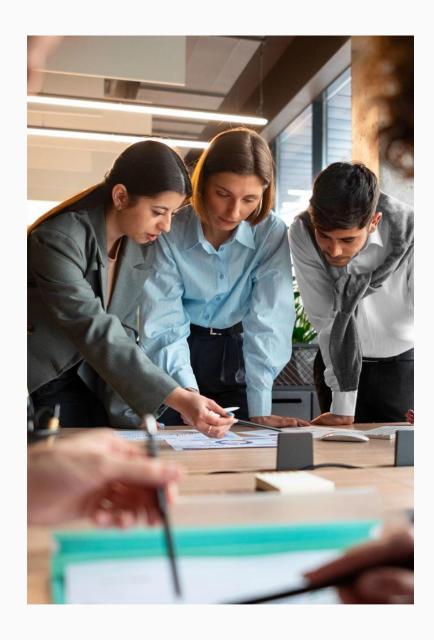
#### Planning Stage Section 3 Considerations:

- Streamline Section 3 certification process for subgrantees/contractors by having readily available forms\*
- Establish when and how data will be collected
- Identify Section 3 pre-bid meeting information and any additional Section 3 training for subgrantees/contractors



## **Project Activity/Closeout**

- Consolidating reporting from subgrantees/contractors that include:
  - Labor Hours (Total Labor Hours, Section 3 Worker, Targeted Section 3 Worker)
  - Section 3 Certifications (Business, Worker)
  - Procurement/Contracting Records
  - Qualitative Efforts undertaken
- Project Completion
  - Review results to see if safe harbor is met (Prioritization certification, Benchmarks)
  - Actions taken by contractors to meet benchmarks Qualitative Efforts (job fairs, training opportunities, etc.)
  - Feedback from contractors
- Adjust plan as necessary based on feedback



06

# Section 3 Resources

### **Section 3 Resource Links**

- Section 3 Final Rule
- 24 C.F.R. Part 75
- Section 3 Benchmark Notice
- Section 3 Program
- Section 3 HUD Exchange
- Section 3 Guidebook
- Section 3 Frequently Asked Questions
- HHGMS Section 3 Instructions
- IDIS Section 3 Instructions
- DRGR Section 3 Instructions
- Minority Business Assistance
   Centers | Development (ohio.gov)



- Region 5 Section 3 Resource HUB
- HCD Neighborhood Service Area Tool
- Sample Section 3 Certification Forms (HUD-4736 Series)
- Sample Section 3 Utilization Forms (HUD-4737 Series)
- Bipartisan Infrastructure Act Preferences
- Ohio SBDC
- ECDI | Small business resources | Ohio
- Small & Disadvantaged Business Utilization

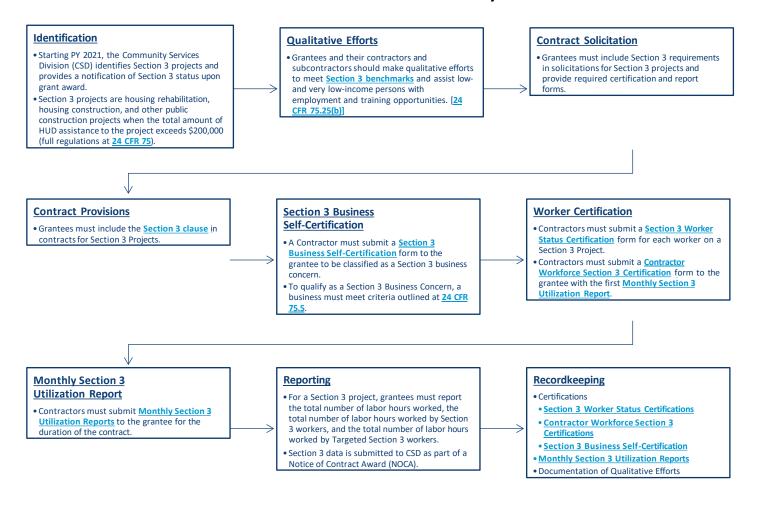


#### Anthony F. Forte

Field Office Director Region 5 Field Policy and Management Anthony.f.forte@hud.gov



## Community Services Division Section 3 Procedures Summary<sup>1</sup>





Reception (Scioto Room) Dinner Banquet / Awards Ceremony (Capital Room) begins at 5:00 p.m.

July 24, 2024

Statewide Association of Community and Economic Development Organizations



## Thank you for attending Day 1 of the OCCD Summer Annual Meeting.