



Angela D. Alsobrooks  
County Executive



Prince George's County  
Department of Housing  
& COMMUNITY DEVELOPMENT



# Department of Housing and Community Development

## Fiscal Year 2021 - 2025

### Section 3 Action Plan - Draft

*"Creating Economic Opportunities for Low - and Very Low - Income Persons and Eligible Businesses"*

**Aspasia Xypolia, Director**  
**Tamika Gauvin, Deputy Director**

9200 BASIL COURT, SUITE 500  
LARGO, MARYLAND 20774  
TELEPHONE: (301) 883-5570 OR TDD: (301) 883-5428

[www.princegeorgescountymd.gov/908/Housing-Community-Development](http://www.princegeorgescountymd.gov/908/Housing-Community-Development)



Prince George's County affirmatively promotes equal opportunity and does not discriminate on the basis of race, color, gender, religion, ethnic or national origin, disability, or familial status in admissions or access to benefits in programs or activities.

**TABLE OF CONTENTS**

1. Introduction ..... 2

2. FY 2021 – 2025 DHCD Section 3 Action Plan ..... 6

    2.1 DHCD General Policy Statement ..... 7

    2.2 Applicability ..... 8

    2.3 Compliance with Section 3 ..... 8

    2.4 Employment and/or Contracting Opportunities ..... 9

    2.5 Section 3 Workers and Targeted Section 3 Workers ..... 9

    2.6 Section 3 Business Concerns ..... 10

    2.7 Responsibilities of DHCD and Sub-recipients ..... 10

    2.8 Section 3 Goals and Strategies ..... 11

    2.9 Employment and Economic Opportunities for Section 3 Workers ..... 13

    2.10 Monitoring ..... 14

    2.11 Section 3 Reporting Requirements ..... 15

    2.12 Section 3 Workers or Section 3 Business Complaints ..... 15

Attachment: ..... 16

DHCD Contractor and Subcontractor Section 3 Action Plan ..... 16

- Exhibit A: General Statement ..... 16
- Exhibit A-1: Equal Employment Opportunity Agreement ..... 16
- Exhibit A-2: Program Assurance of Compliance ..... 16
- Exhibit A-3: Estimated Project Workforce Breakdown ..... 16
- Exhibit A-4: Proposed Contracts/Subcontracts Breakdown ..... 16
- Exhibit A-5: Actual Contracts/Subcontracts Breakdown ..... 16
- Exhibit A-6: Section 3 Business Concern Utilization ..... 16
- Exhibit A-7: Section 3 Summary Report ..... 16
- Exhibit A-8: Section 3 Projects Income Limits ..... 16
- Exhibit A-9: Section 3 Flyers ..... 16
- Exhibit B: Regulatory Definitions ..... 16
- Exhibit C: Helpful Links ..... 16

## 1. Introduction

Prince George’s County is qualified as an urban county entitled to receive grant funds from three (3) federal programs: Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and Emergency Solutions Grants (ESG). Entitlement funds are appropriated by the U.S. Congress each year and distributed on a formula basis to local and state jurisdictions.

The Prince George’s County Department of Housing and Community Development (DHCD) is the lead agency responsible for administering the following federal programs: CDBG, HOME, and ESG. The annual apportionment of the U.S. Department of Housing and Urban Development (HUD) funds received each fiscal year is approximately \$9 million and provides housing and community development assistance to primarily low- and very low-income residents of the County. A significant portion of these funds are used to carry out housing rehabilitation, housing construction, and public facilities and infrastructure projects. Whenever the total amount of HUD financial assistance provided to a project exceeds \$200,000 dollars the project is defined by HUD as “Section 3” covered project.<sup>1</sup>

The purpose of Section 3 is to ensure that economic opportunities, most importantly employment, generated by certain HUD financial assistance shall be directed to low- and very low-income persons.

In order for the Department to comply with the Section 3 Safe Harbor<sup>2</sup> requirements it shall “to the greatest extent feasible”<sup>3</sup>

1. Certify the Prioritization of Efforts:
  - a) Employment and training opportunities to Section 3 workers; and
  - b) Award contractors and subcontractors that provide economic opportunities for Section 3 workers.
2. Meet or exceed the applicable Section 3 Benchmarks established by Prince George’s County:
  - a) Thirty-five percent (35%) of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers; and

---

<sup>1</sup> September 29, 2020, Section 3 Final Rule 24 C.F.R. § 75.3(2)

<sup>2</sup> September 29, 2020, Section 3 Final Rule 24 C.F.R. § 75.23

<sup>3</sup> “Greatest Extent Feasible” means that every effort shall be made to comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3) which includes the original explanation of the phrase. In sum, when properly executed the “greatest extent feasible” provision will not force a contractor to disband an organization by replacing current employees with local workers or contractors. The original definition also rejects the application of anticipated hiring preferences that have historically excluded minorities from countless employment and business opportunities. National Housing Law Project, An Advocate’s Guide to the HUD Section 3 Program: Creating Jobs and Economic Opportunity, February 2009.

- b) Five percent (5%) of the total number of labor hours worked by all workers on a Section 3 project are Targeted Section 3 workers. This means that the five percent (5%) is included as part of the thirty-five percent (35%) threshold.

The HUD Office of Fair Housing and Equal Opportunity (FHEO) is charged with oversight and monitoring of Section 3 compliance for recipients of covered funding. In accordance with Section 3 guidelines at 24 C.F.R. § 75, DHCD will report annually Section 3 activities using HUD's Integrated Disbursement and Information System (IDIS)/Consolidated Performance Evaluation Report (CAPER). Section 3 businesses are required to self-certify through HUD's Section 3 Performance Evaluation and Registry System (SPEARS) so that local recipients can notify them about the availability of HUD-funded contracting opportunities.

In efforts to utilize DHCD's federal programs to maximize economic opportunities for low and very low-income persons, the County Council enacted Council Bill (CB-112-2012)<sup>4</sup> by adding requirements under Section 3 of the Housing and Urban Development Act of 1968, as amended, generally related to housing and community development. Effective November 20, 2012, DHCD is required to prepare a Section 3 Action Plan as part of its five-year Consolidated Plans and Annual Action Plans. The enactment of a Section 3 Action Plan is not a requirement of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3); instead, it is a tool to assist the Department with facilitating its implementation.

DHCD amended the FY 2016 – 2020 Consolidated Plan and FY 2016 Annual Action Plan by including a Section 3 Action Plan. The County Council and County Executive adopted and approved Council Resolution (CR-15-2016) on May 17, 2016.

The FY 2016 – 2020 Section 3 Action Plan was prepared based on the Section 3 Proposed Rule 24 C.F.R. § 135. DHCD would amend its Section 3 Action Plan whenever HUD finalized the Section 3 regulations to reflect any revisions in the new regulations.

In September 2020, HUD finalized the Section 3 Rule, removed the implementing regulations and added the final regulation 24 C.F.R. § 75. The final rule updated HUD's Section 3 regulations to create more effective incentives for employers to retain and invest in their low- and very low-income workers, streamlined reporting requirements by aligning them with typical business practices, provided for program-specific oversight, and clarified the obligations of entities that are covered by Section 3.<sup>5</sup>

The DHCD must implement Section 3 activities pursuant to these final regulations and comply with the reporting requirements starting July 1, 2021. The following is a comparison of the

---

<sup>4</sup> December 6, 2012, Prince George's County Maryland Code, Chapter No. 94, Subtitle 15A. Consolidated Housing and Community Development Plan

<sup>5</sup> September 29, 2020, Section 3 Final Rule 24 C.F.R. § 75

implementing regulations versus the final regulation 24 C.F.R. § 75 and the HUD established Section 3 benchmarks under Federal Register notice (FR-6085-N-04)<sup>6</sup>.

<b>DHCD 2016 - 2020 Section 3 Action Plan</b> Section 3 Proposed Rule 24 C.F.R. § 135	<b>DHCD 2021 - 2025 Section 3 Action Plan</b> Section 3 Final Rule 24 C.F.R. § 75 and Section 3 Benchmarks in FR-6085-N-04
<p><b>Threshold for Section 3 Covered Project</b></p> <p>The recipient, contractor and subcontractor of housing and community development assistance for a Section 3 covered project for which the amount of assistance exceeds \$200,000.</p> <p>In addition to the above threshold requirement, Section 3 applies to contractors or subcontractors with an agreement in excess of \$100,000 from HUD funds.</p>	<p><b>Threshold Section 3 Covered Project</b></p> <p>Section 3 applies to all construction related activities when the total amount of HUD financial assistance to the project exceeds a \$200,000 threshold.</p> <p>In addition to the above threshold requirement, the threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes program.</p>
<p><b>HUD Numerical Goals:</b></p> <ol style="list-style-type: none"> <li>1. Employ qualified Section 3 residents, as 30% of aggregate number of new hires resulting from contracts and subcontracts on a covered activity;</li> <li>2. Award to Section 3 business concerns at least 10% of the total dollar amount of all Section 3 covered projects for building trades work; and</li> <li>3. Award to Section 3 business concerns at least 3% of the total dollar amount of all Section 3 covered contracts for non-construction work.</li> </ol>	<p><b>Section 3 Safe Harbor Requirements:</b></p> <ol style="list-style-type: none"> <li>1. Certify that the County followed the following Prioritization Efforts:             <ol style="list-style-type: none"> <li>a. Provide employment and training opportunities to Section 3 workers; and</li> <li>b. Award contractors and subcontractors that provide economic opportunities for Section 3 workers.</li> </ol> </li> <li>2. Meet or exceed the applicable Section 3 Benchmarks established by Prince George’s County:             <ol style="list-style-type: none"> <li>a. 35% or more of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers; and</li> <li>b. 5% of the total number of labor hours worked by all workers on a Section 3 project are Targeted Section 3 workers. This means that the five percent (5%) is included as part of the thirty-five percent (35%) threshold.</li> </ol> </li> </ol>

<sup>6</sup> <https://www.federalregister.gov/documents/2020/09/29/2020-19183/section-3-benchmarks-for-creating-economic-opportunities-for-low--and-very-low-income-persons-and>

<p><b>DHCD 2016 - 2020 Section 3 Action Plan</b> Section 3 Proposed Rule 24 C.F.R. § 135</p>	<p><b>DHCD 2021 - 2025 Section 3 Action Plan</b> Section 3 Final Rule 24 C.F.R. § 75 and Section 3 Benchmarks in FR-6085-N-04</p>
<p><b>Section 3 Residents:</b></p> <ol style="list-style-type: none"> <li>1. Individuals who reside in public housing; or</li> <li>2. Low- and very low-income persons who live in the County where a Section 3 covered project for housing or community development is located.</li> </ol>	<p><b>Section 3 Workers:</b></p> <p>Any worker who currently fits or when hired within the past 5 years fit at least one of the following categories:</p> <ol style="list-style-type: none"> <li>1. The worker’s income for the previous or annualized calendar year is below the income limit established by HUD; or</li> <li>2. The worker is employed by a Section 3 business concern; or</li> <li>3. The worker is a YouthBuild participant.</li> </ol> <p>The status of a Section 3 worker shall not be negatively affected by prior arrest or conviction.</p>
	<p><b>Targeted Section 3 Workers:</b></p> <p>A Targeted Section 3 worker for housing and community development financial assistance means a Section 3 worker residing within a one-mile radius of the Section 3 project who is:</p> <ol style="list-style-type: none"> <li>1. A worker employed by a Section 3 business concern; or</li> <li>2. A worker who currently fits or when hired fit at least one of the following categories:                             <ol style="list-style-type: none"> <li>a. Living within the service area or the neighborhood of the project; or</li> <li>b. A YouthBuild participant.</li> </ol> </li> </ol>
<p><b>Section 3 Business Concerns:</b></p> <ol style="list-style-type: none"> <li>1. Businesses owned by 51% or more Section 3 residents; or</li> </ol>	<p><b>Section 3 Business Concerns:</b></p>

<b>DHCD 2016 - 2020 Section 3 Action Plan</b> Section 3 Proposed Rule 24 C.F.R. § 135	<b>DHCD 2021 - 2025 Section 3 Action Plan</b> Section 3 Final Rule 24 C.F.R. § 75 and Section 3 Benchmarks in FR-6085-N-04
<p>2. Businesses with at least 30% permanent, full-time employees of whom are currently Section 3 residents, or within 3 years of the date of first employment with the business concern were Section 3 residents; or</p> <p>3. Businesses providing evidence of a commitment to subcontract in excess of 25% of the dollar award of all subcontracts to business concerns and meeting qualifications in items (1) or (2).</p>	<p>A business concern meeting at least one of the following criteria, documented within the last six-month period:</p> <ol style="list-style-type: none"> <li>1. It is at least 51% owned and controlled by low- and very low-income persons; or</li> <li>2. Over 75% of the labor hours performed for the business over the three-month period are performed by Section 3 workers or;</li> <li>3. It is a business at least 51% owned and controlled by current public housing residents or residents who currently living in Section 8-assisted housing.</li> </ol>
<b>Section 3 Reporting</b>	<b>Section 3 Reporting</b>
The Grantee submits Section 3 Summary Reports annually to HUD electronically through SPEARS.	The Grantee submits annually Section 3 activities using HUD’s IDIS/CAPER.

The DHCD amended its Section 3 Action Plan to reflect the Section 3 Final Rule 24 C.F.R. § 75 regulations. Once the FY 2021–2025 Section 3 Action Plan is approved by the County Council and County Executive, DHCD will incorporate its Section 3 Action Plan in its FY 2021 -2025 Consolidated Plan and Annual Action Plans covering FY 2022 – 2025.

## 2. FY 2021 – 2025 DHCD Section 3 Action Plan

The Section 3 Action Plan outlines the Department’s policies and procedures, ensuring that both low- and very low-income persons and local businesses benefit from this resource.

The Department’s Section 3 Action Plan describes Federal requirements (i.e., responsibilities, goals and strategies, reporting, and monitoring) pertaining to DHCD.

The Section 3 Action Plan serves as a guide for sub-recipients, contractors, and subcontractors awarded HUD funds to undertake Section 3 covered projects. It includes the DHCD Section 3 Action Plan for Contractors and Subcontractors to assist awardees in achieving their Section 3 employment and contracting goals.

## Collaborative Opportunities

In April 2021, DHCD partnered with Employ Prince George’s, Inc. (EPG). This partnership aims to assist the agency with meeting its Section 3 Safe Harbor requirements and strengthens the employment and contracting outreach strategies targeted for Section 3 residents and businesses. This employment and economic opportunities partnership will help to reinforce the County’s “best efforts” for meeting the applicable Section 3 benchmarks established by HUD.

### 2.1 DHCD General Policy Statement

DHCD implements its Section 3 Policy to comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u) and implementing regulations at 24 C.F.R. § 75.

Section 3 Policy shall, to the “greatest extent feasible,” result in the recruitment, employment, and contracting opportunities for Section 3 residents and business concerns for Section 3 covered contracts partially or wholly funded with Federal funds.

Section 3 applies to training, employment, contracting and other economic opportunities of projects related to housing rehabilitation, housing construction, and other public construction implemented with housing and community development assistance.

The following is a general description of DHCD programs which may include Section 3 covered activities.

- Community Development Block Grant (CDBG) - the CDBG Program is used to fund local community development activities, notably affordable housing, economic development, infrastructure, and public services, including housing rehabilitation, and public construction (i.e., street repairs, water and sewer, etc.) benefitting primarily low and very low-income persons.<sup>7</sup>
- HOME Investment Partnerships (HOME) - the HOME Program is designed to create affordable housing for low and very low-income households, expand the capacity of non-profit housing providers, strengthen the ability of State and local governments to provide housing, and leverage private sector participation in housing projects.<sup>8</sup>
- Emergency Solutions Grants (ESG) – the ESG supports outreach to and shelters homeless individuals and families as well as provide supportive programs which prevent homelessness. ESG funds may also be used for renovating buildings to be used as

---

<sup>7</sup> December 15, 2015, CDBG Interim Final Rule 24 C.F.R. § 570

<sup>8</sup> July 24, 2013, HOME Final Rule 24 C.F.R. § 92



emergency shelter for homeless families and individuals, and operating emergency shelters.<sup>9</sup>

- Section 108 Loan Guarantee Program (Section 108) – The County is applying to HUD to establish a Section 108 Loan Guarantee Pool to support housing rehabilitation, economic development, and mixed-use and mixed-income housing development. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. Local governments may borrow funds, guaranteed by HUD, through the Section 108 program and must pledge current and future CDBG allocations as security for the loan.<sup>10</sup>
- Lead-Based Paint Hazard Control Grant Program (LBPHC) and Lead Hazard Reduction Demonstration Grant Program (LHRD) – the LBPHC and LHRD programs identify and control lead-based paint hazards in eligible privately owned rental or owner-occupied housing. Funds may be used for activities such as: renovation, remodeling, housing rehabilitation, property maintenance, and weatherization.<sup>11</sup> Currently, DHCD does not receive any of these funds.

## 2.2 Applicability

Section 3 applies to housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of HUD financial assistance to the project exceeds a threshold of \$200,000. The threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs. HUD will update the threshold not less than once every five (5) years based on a national construction cost inflation factor through Federal Register notices.

Section 3 covered projects may include water and sewer repairs, roads, bridges or enhancements to business facades in low to moderate-income communities. The project site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.

## 2.3 Compliance with Section 3

The Section 3 provision seeks to ensure employment and other economic opportunities generated by HUD financial assistance shall, to the “greatest extent feasible,” be directed to low and very low-income persons particularly those who are recipients of government assistance for housing and to business concerns which provide economic opportunities to low- and very low-income persons.

---

<sup>9</sup> December 5, 2011, ESG Final Rule 24 C.F.R. § 576

<sup>10</sup> December 15, 2015, CDBG Interim Final Rule 24 C.F.R. § 570

<sup>11</sup> June 21, 2004 Lead-Based Paint Poisoning Prevention in Certain Residential Structures Final Rule 24 C.F.R. § 35

This also means recipients of Section 3 covered financial assistance should make every effort possible to meet the regulatory requirements. This could mean that the effort may have to go beyond the normal employment and contracting procedures by developing strategies specifically targeting Section 3 residents and businesses for these types of economic opportunities.

## 2.4 Employment and/or Contracting Opportunities

Any employment or contracting opportunities generated by the expenditure of a Section 3 covered project, including professional services, and construction, are subject to compliance with Section 3. Professional services mean non-construction services that require an advanced degree or professional licensing, including, but not limited to, contracts for legal services, financial consulting, accounting services, architectural services, and civil engineering services. The chart below lists other examples of employment opportunities.

**Examples of Employment and/or Contracting Opportunities**

▪ Accounting	▪ Electrical	▪ Marketing
▪ Architecture	▪ Elevator Construction	▪ Painting
▪ Appliance Repair	▪ Engineering	▪ Payroll Photography
▪ Bookkeeping	▪ Fencing	▪ Plastering
▪ Bricklaying	▪ Florists	▪ Plumbing
▪ Carpentry	▪ Heating	▪ Printing Purchasing
▪ Catering	▪ Iron Works	▪ Research
▪ Cement/Masonry	▪ Janitorial	▪ Surveying
▪ Computer/Information	▪ Landscaping	▪ Tile Setting
▪ Demolition	▪ Machine Operation	▪ Transportation
▪ Drywall	▪ Manufacturing	▪ Word Processing

## 2.5 Section 3 Workers and Targeted Section 3 Workers

The application of the Section 3 provision<sup>12</sup> is designed to benefit both local citizens and business concerns. The regulations define both groups as follows:

### Section 3 Workers:

Any worker who currently fits or when hired within the past five (5) years fit at least one (1) of the following categories:

1. The worker's income for the previous or annualized calendar year is below the income limit established by HUD; or
2. The worker is employed by a Section 3 business concern; or
3. The worker is a YouthBuild participant.

<sup>12</sup> September 29, 2020, Section 3 Final Rule 24 C.F.R. § 75.5

The status of a Section 3 worker shall not be negatively affected by prior arrest or conviction.

#### Targeted Section 3 Workers:

A Targeted Section 3 worker for housing and community development financial assistance means a Section 3 worker residing within a one-mile radius of the Section 3 project who is:

1. A worker employed by a Section 3 business concern; or
2. A worker who currently fits or when hired fit at least one of the following categories:
  - Living within the service area or the neighborhood of the project; or
  - A YouthBuild participant.

### **2.6 Section 3 Business Concerns**

A business is considered Section 3 business concern if it meets at least one (1) of the following criteria, documented within the last six-month period:

1. It is at least 51 percent (51%) owned and controlled by low- or very-low-income persons; or
2. Can demonstrate that over 75 percent (75%) of the labor hours performed for the business over the three-month period are performed by Section 3 workers; or
3. It is a business at least 51 percent (51%) owned and controlled by current public housing residents or residents who currently living in Section 8-assisted housing.

Evidence of Section 3 Certification:

Contractors or subcontractors seeking Section 3 preference in the awarding of a HUD-funded contract shall self-certify compliance with one of the regulatory definitions of a Section 3 business<sup>13</sup> by completing a HUD Section 3 Business Registry Form.<sup>14</sup> The contractor or subcontractor shall provide adequate documentation as evidence of eligibility for preference under the Section 3 Program.

### **2.7 Responsibilities of DHCD and Sub-recipients**

The DHCD and Sub-recipients (i.e., non-profit organizations, municipalities, local government agencies, or developers) that receive CDBG, HOME, ESG, Section 108, LBPHC, and LHRD bear the responsibility to comply with Section 3 covered assistance. Responsibilities include:

---

<sup>13</sup> September 29, 2020, Section 3 Final Rule 24 C.F.R. § 75.5

<sup>14</sup> This form is available online at: <https://portalapps.hud.gov/Sec3BusReg/BRegistry/BRegistryHome>.

1. Notifying Section 3 residents about employment and training opportunities and businesses regarding contracts generated by Section 3 covered assistance;
2. Notifying potential contractors and subcontractors of the Section 3 objectives and ways in which each contractor can assist the sub-recipient to meet Section 3 benchmark; and
3. Documenting the action(s) taken by the contractor or subcontractor to comply with the Section 3 requirements, the results of the actions, and impediments, if any.

The DHCD and Sub-recipients bear the responsibility to ensure compliance of contractors and subcontractors. The DHCD and sub-recipients shall:

1. Incorporate the Section 3 Clause into contract documents;
2. Conduct compliance reviews consisting of detailed analysis and evaluation of the contractor's and subcontractor's compliance with Section 3 requirements;
3. Notify contractors and subcontractors of non-compliance and direct instructions to obtaining compliance of regulation 24 C.F.R. § 75;
4. Refrain from entering into contracts with contractors or subcontractors in violation of the regulations 24 C.F.R. § 75; and
5. Respond to complaints alleging non-compliance of regulation 24 C.F.R. § 75 by Section 3 residents or business concerns.

## **2.8 Section 3 Goals and Strategies**

In efforts to ensure the objectives of Section 3 are met in the use of applicable Federal funds in the County, DHCD established the following goals and strategies.

**Section 3 Goals**

In efforts to meet or exceed the applicable Section 3 benchmarks established by HUD, DHCD aims to accomplish the following annual goals through its Section 3 projects.

2021 – 2025 Section 3 and Local Benchmarks							
Annual Goal	Source of Funds	County FY Year	Performance Indicators	Number of Labor Hours worked by all Workers	Number of Labor Hours worked by Section 3 Workers	Number of Labor Hours worked by Targeted Section 3 Workers	Percent Met
Meet or exceed the 25% applicable Section 3 Benchmarks established by HUD:  35% of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers; and  5% of the total number of labor hours worked by all workers on a Section project are Targeted Section 3 workers.	CDBG, HOME, ESG, Section 108, LBPHC and LHRD	2022	Number of labor hours worked				
		2023					
		2024					
		2025					
		MULTI-YEAR GOAL TOTALS					

**Strategies to Achieve Section 3 Goals**

The DHCD plans to use the following strategies to achieve the Section 3 Benchmarks:

**Strategy:** DHCD shall require contractors and subcontractors to provide justification for not utilizing Section 3 workers or Targeted Section 3 workers.

Failure to submit these documents shall constitute a breach of contract and may result in termination of the contract.

**Strategy:** DHCD shall standardize Section 3 requirements in all written agreements with contractors and subcontractors.

**Strategy:** DHCD shall require sub-recipients to monitor and enforce the DHCD Section 3 Action Plans for Contractors and Subcontractors timely.

**Strategy:** DHCD shall provide updated DHCD Contractor and Subcontractor with the Section 3 Action Plan and request that sub-recipients provide it to their contractors and subcontractors.

**Strategy:** DHCD shall provide the sub-recipients, contractors, and subcontractors with a list of Section 3 business concerns interested and qualified for all proposed Section 3 covered projects.<sup>15</sup>

**Strategy:** DHCD shall require Section 3 covered sub-recipients to utilize, maintain, and monitor contractors and subcontractors using required documents in the DHCD Section 3 Action Plan for Contractors and Subcontractors.

The sub-recipient, contractors, and subcontractors are required to keep records as necessary to demonstrate Section 3 compliance and submit copies of these records to DHCD.

Failure to submit these documents shall constitute a breach of contract and may result in termination of the contract.

**Strategy:** DHCD shall include a provision notifying prospective applicants that Section 3 and the regulations in 24 C.F.R. § 75 are applicable to all funding awards during its announcements of notices of funding availability (NOFAs).

**Strategy:** DHCD shall require prospective applicants of Section 3 Covered projects to demonstrate efforts to reach the Section 3 Goals.

## 2.9 Employment and Economic Opportunities for Section 3 Workers

The Department of Housing and Community Development (DHCD) has joined the Prince George's County American Job Center Network<sup>16</sup> partnered with Employ Prince George's, Inc. (EPG) to assist the agency with meeting its Section 3 Safe Harbor requirements. Both agencies have agreed that EPG's Construction Works Program can serve as a valuable tool for job seekers and businesses to connect to DHCD's Section 3 covered projects.

Employ Prince George's Construction Works Program prepares County job seekers with the training that leads to entry to middle-skilled employment opportunities with the high growth-high demand Construction Industry. In addition, this Program connects job seekers with local businesses that participate in the Construction Works Program for employment.

---

<sup>15</sup> Section 3-based Business Concerns Directory for contractors and subcontractors seeking to do business in Prince George's County: <http://www.hud.gov/Sec3Biz>.

<sup>16</sup> Prince George's County American Job Center Network: <http://pgcaic.com>

The Program partners with numerous businesses, Prince George’s County Public Schools, Prince George’s County Community College, private career schools, nontraditional educational entities, and Maryland Department of Labor Workforce Innovation and Opportunity Act (WIOA) Eligible Training Providers to provide superior construction trades training.

The EPG Construction Works Program will be staffed with a Construction Works Program Coordinator and a Construction Works Program Business Consultant. The Construction Works Program Coordinator will enroll Section 3 job seekers into the Program, provide one-on-one services to help remove barriers to employment, and assist them with achieving their employment goals. In addition, the Construction Works Program Coordinator will partner with the Construction Works Program Business Consultant to connect program graduates with Section 3 business concerns, local businesses that have employment opportunities in the Construction and Real Estate Industries.

Employ Prince George’s, Inc. will also help to market the DHCD Section 3 Action Plan for Contractors and Subcontractors by participating in DHCD subrecipient technical assistance workshops, pre-bid and pre-construction conferences.

DHCD will encourage sub-recipients, contractors, and subcontractors to participate in the EPG Construction Works Program to help ensure compliance with the Section 3 Safe Harbor requirements.

## **2.10 Monitoring**

Monitoring is an integral management control technique and a Government Accountability Office (GAO) standard. It is an ongoing process that assesses the quality of a program and participants’ performance. Monitoring provides information about program participants that is critical for making informed judgments about program effectiveness and management efficiency.

It is DHCD’s responsibility to ensure that the sub-recipients, contractors, and subcontractors meet all Section 3 requirements. If the requirements are not met, DHCD shall make a finding of noncompliance. A finding is a deficiency in program performance based on a statutory and regulatory program requirements for which sanctions or other corrective actions are authorized. Failure to comply could result in a recovery of HUD funds.

The following describes DHCD’s Section 3 monitoring checklist:

- If the sub-recipient implemented procedures to notify Section 3 residents and business concerns about employment, training, and contracting opportunities generated by its agency or covered contractors;
- If the sub-recipient notified covered contractors and subcontractors about their responsibilities pursuant to Section 3;
- If the sub-recipient included the Section 3 Clause in covered contracts;

- If the sub-recipient monitored its covered contractors and subcontractors for compliance with Section 3 and imposed penalties for noncompliance as appropriate;
- If the sub-recipient or its contractors and subcontractors met the goals for employment and contracting opportunities;
- If the sub-recipient provided an explanation if the contractors and subcontractors failed to meet the goals for Section 3; and
- If the sub-recipient’s annual Section 3 reporting requirements were met on a timely basis.

### **2.11 Section 3 Reporting Requirements**

The DHCD is required to report annually Section 3 activities using HUD’s Integrated Disbursement and Information System (IDIS)/Consolidated Performance Evaluation Report (CAPER). The CAPER highlights DHCD’s achievements in providing decent housing, suitable living environments, and expanding economic opportunities for low to moderate-income residents. The CAPER is due to HUD sixty (60) days after the program year ends. DHCD’s CAPER’s is due at the end of September each year.

The IDIS Section 3 report in the CAPER will correspond to the covered projects and activities that received Federal funding (i.e., CDBG, HOME, ESG, Section 108, etc.). Projects for which assistance or funds are committed after July 1, 2020, are subject to the new Section 3 regulations. The DHCD will include a summary of the Section 3 Summary Report(s) in its CAPERs.

### **2.12 Section 3 Workers or Section 3 Business Complaints**

Any Section 3 workers or Section 3 businesses (or authorized representatives) may file a written complaint, official title “Complaint Register Under Section 3 of the HUD Act of 1968 form HUD-958,” with the local HUD Field Office or mail it to:

The Assistant Secretary for Fair Housing and Equal Opportunity  
Attn: Office of Economic Opportunity  
U.S. Department of Housing and Urban Development  
451 Seventh Street, S.W., Room 5100  
Washington, D.C. 20410-2000

A written complaint should contain:

- Name and address of the person filing the complaint
- Name and address of subject of complaint (HUD recipient, contractor or subcontractor)
- Description of acts or omissions in alleged violation of Section 3
- Statement of corrective action sought (i.e., training, employment or contracts)



**Internal Section 3 Complaint Procedure**

Complaints generated due to non-compliance through an internal process, DHCD encourages submittal of complaints to its Section 3 Coordinator. A written complaint should be mailed to:

DHCD Office of the Director  
Attention: Senior Compliance Officer  
Prince George’s County Department of Housing and Community Development  
9200 Basil Court, Suite 500  
Largo, Maryland 20774

(301) 883-5531

**Attachment:****DHCD Contractor and Subcontractor Section 3 Action Plan**

- Exhibit A: General Statement
- Exhibit A-1: Equal Employment Opportunity Agreement
- Exhibit A-2: Program Assurance of Compliance
- Exhibit A-3: Estimated Project Workforce Breakdown
- Exhibit A-4: Proposed Contracts/Subcontracts Breakdown
- Exhibit A-5: Actual Contracts/Subcontracts Breakdown
- Exhibit A-6: Section 3 Business Concern Utilization
- Exhibit A-7: Section 3 Summary Report
- Exhibit A-8: Section 3 Projects Income Limits
- Exhibit A-9: Section 3 Flyers
- Exhibit B: Regulatory Definitions
- Exhibit C: Helpful Links