



Aisha N. Braveboy
County Executive



Department of Housing &
Community Development

Bridging Gaps. Building Dreams.



Department of Housing and Community Development

Fiscal Year 2026 - 2030

Section 3 Action Plan

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

Address: 9200 Basil Court, Suite 306. Largo, Maryland 20774

Telephone: 301-883-6511 or TDD: 301-883-5428

Visit Us at: Prince George's County Department of Housing and Community Development



Prince George's County affirmatively promotes activities and actions that do not violate any applicable Federal anti-discrimination laws, including Title VI of the Civil Rights Act of 1964.

TABLE OF CONTENTS

| | |
|---|----|
| 1. Introduction | 2 |
| 2. DHCD Section 3 Action Plan..... | 6 |
| 2.1 DHCD General Policy Statement | 6 |
| 2.2 Applicability | 8 |
| 2.3 Compliance with Section 3..... | 8 |
| 2.4 Employment and/or Contracting Opportunities | 8 |
| 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 |

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.¹

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 Harbor² requirements it shall "to the greatest extent feasible"³

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) Twenty-five percent (25%) of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers; and

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

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

³ "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 twenty-five percent (25%) 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).

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)⁴ by adding requirements under Section 3 of the Housing and Urban Development Act of 1968, as amended, generally related to housing and community development. 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. The County Council and County Executive adopted and approved Council Resolution (CR-15-2016) on May 17, 2016.

The Section 3 Action Plan was prepared based on the Section 3 Proposed Rule 24 C.F.R. § 135. 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 3.⁵

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 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)⁶.

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

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

⁶ <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>

| Section 3 Proposed Rule 24 C.F.R. § 135 | Section 3 Final Rule 24 C.F.R. § 75 and Section 3 Benchmarks in FR-6085-N-04 |
|--|--|
| Threshold for Section 3 Covered Project | Threshold Section 3 Covered Project |
| <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>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> |
| HUD Numerical Goals: | Section 3 Safe Harbor Requirements: |
| <ol style="list-style-type: none"> 1. Employ qualified Section 3 residents, as 30% of aggregate number of new hires resulting from contracts and subcontracts on a covered activity. 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 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. | <ol style="list-style-type: none"> 1. Certify that the County followed the following Prioritization Efforts: <ol style="list-style-type: none"> a. Provide 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 HUD: <ol style="list-style-type: none"> a. 25% or more of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers; and 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 twenty-five percent (25%) threshold. |
| Section 3 Residents: | Section 3 Workers: |
| | |
| <ol style="list-style-type: none"> 1. Individuals who reside in public housing; or 2. Low- and very low-income persons who live in the County where a Section 3 covered | <p>Any worker who currently fits or when hired within the past 5 years fit at least one of the following categories:</p> |

| Section 3 Proposed Rule 24 C.F.R. § 135 | Section 3 Final Rule 24 C.F.R. § 75 and Section 3 Benchmarks in FR-6085-N-04 |
|--|---|
| <p>project for housing or community development is located.</p> | <p>1. The worker's income for the previous or annualized calendar year is below the income limit established by HUD; or</p> <p>2. The worker is employed by a Section 3 business concern; or</p> <p>3. The worker is a YouthBuild participant.</p> <p>The status of a Section 3 worker shall not be negatively affected by prior arrest or conviction.</p> |
| | <p>Targeted Section 3 Workers:</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> <p>1. A worker employed by a Section 3 business concern; or</p> <p>2. A worker who currently fits or when hired fit at least one of the following categories:</p> <p>a. Living within the service area or the neighborhood of the project; or</p> <p>b. A YouthBuild participant.</p> |
| <p>Section 3 Business Concerns:</p> <p>1. Businesses owned by 51% or more Section 3 residents; or</p> <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>Section 3 Business Concerns:</p> <p>A business concern meeting at least one of the following criteria, documented within the last six-month period:</p> <p>1. It is at least 51% owned and controlled by low- and very low-income persons; or</p> <p>2. Over 75% of the labor hours performed for the business over the three-month period are performed by Section 3 workers or;</p> |

| Section 3 Proposed Rule 24 C.F.R. § 135 | Section 3 Final Rule 24 C.F.R. § 75 and Section 3 Benchmarks in FR-6085-N-04 |
|---|--|
| 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). | 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. |
| Section 3 Reporting | Section 3 Reporting |
| 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. |

2. 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

The 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.⁷
- 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.⁸
- 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 emergency shelter for homeless families and individuals, and operating emergency shelters.⁹
- 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.¹⁰
- Lead-Based Paint Hazard Control Grant Program (LBPHC) and Lead Hazard Reduction Demonstration Grant Program (LHRD) – the LBPHC and LHRD programs identify and

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

⁸ July 24, 2013, HOME Final Rule 24 C.F.R. § 92

⁹ December 5, 2011, ESG Final Rule 24 C.F.R. § 576

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

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.¹¹ 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.

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 construction and non-construction work, are subject to Section 3. Professional services are not required to be included in labor-hour benchmarks under 24 CFR Part 75, though recipients may choose to report them voluntarily. 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,

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

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 provision¹² 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.

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 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, as documented within the past five years:
 - (i) A resident of public housing or Section 8-assisted housing;

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

- (ii) A resident of other public housing projects or Section 8-assisted housing managed by the PHA that is providing the assistance; or
- (iii) 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 business¹³ by completing a DHCD Section 3 Business Concern Certification for Contracting form. 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:

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.

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

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.

| 2026 – 2030 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 applicable Section 3 Benchmarks established by HUD: 25% of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers; and 5% by Targeted Section 3 workers (the 5% is included within the 25%). | CDBG, HOME, ESG, Section 108, LBPHC and LHRD | 2026 2027 2028 2029 2030 | Number of labor hours worked | | | | |
| | | | 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 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 documentation may be treated as noncompliance subject to corrective action, up to and including termination, consistent with HUD's good-faith effort requirements.

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 Network¹⁴ 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.

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.

¹⁴ Prince George's County American Job Center Network: <http://pgcajc.com>

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 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, 2021, 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)

DHCD also provides an internal complaint process for local resolution. A written complaint may be mailed to:

The Office of the Director
Prince George's County Department of Housing and Community Development
9200 Basil Court, Suite 306
Largo, Maryland 20774

Attachment:

DHCD Contractor and Subcontractor Section 3 Action Plan

- DHCD Section 3 Exhibit A-1: Contractor or Subcontractor Action Plan
- DHCD Section 3 Exhibit A-2: Summary Report
- DHCD Section 3 Exhibit A-3: Business Concern Certification
- DHCD Section 3 Exhibit A-4: Worker Self-Certification
- DHCD Section 3 Exhibit A-5: Regulatory Definitions
- DHCD Section 3 Exhibit A-6: Section 3 Flyers



Aisha N. Braveboy
County Executive

PRINCE GEORGE'S COUNTY, MARYLAND

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT SECTION 3 ACTION PLAN FOR CONTRACTORS AND SUBCONTRACTORS

NAME OF CONTRACTOR: _____

NAME OF SUB-RECIPIENT: _____

PROJECT NAME: _____

DATE: _____



Prince George's County affirmatively promotes activities and actions that do not violate any applicable Federal anti-discrimination laws, including Title VI of the Civil Rights Act of 1964.

Updated: 10/14/2025

Instructions

The Prince George's County Department of Housing and Community Development (DHCD) is the lead agency responsible for administering the following federal programs:

- Community Development Block Grant (CDBG)
- HOME Investment Partnerships (HOME)
- Emergency Solutions Grants (ESG)
- Section 108 Loan Guarantee Program (Section 108)
- Lead-Based Paint Hazard Control Grant Program (LBPHC) and Lead Hazard Reduction Demonstration Grant Program (LHRD)

These federal funds are allocated by the U.S. Department of Housing and Urban Development (HUD) and provide housing and housing and community development assistance to primarily low and very low-income residents of Prince George's County. A significant portion of these federal funds are used to carry out housing rehabilitation, housing construction, and other public construction projects.

Whenever the total amount of HUD financial assistance to a project exceeds a threshold of \$200,000 dollars it is defined by HUD as a "Section 3" covered project. The threshold is \$100,000 when the assistance is from the LBPHC and LHRD programs.

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.

The DHCD will be considered to have complied with the Section 3 Safe Harbor requirements if "to the greatest extent feasible" each Section 3 covered project is able to:

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 HUD:
 - a) A minimum of twenty-five percent (25%) of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers; and
 - 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 twenty-five percent (25%) threshold.

Section 3 covered projects include housing rehabilitation, housing construction, and other public construction such as infrastructure related projects. These 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.

Section 3 is not applicable when program funds are invested in direct assistance to homebuyers, acquisition, and administration, because these are not construction activities.

Prince George's County Section 3 Technical Assistance

The DHCD has joined the Prince George's County American Job Center Network, 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 Work 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 Work Program for employment.

DHCD encourages contractors and subcontractors to participate in the EPG Construction Work Program to help ensure compliance with the Section 3 Safe Harbor requirements. Please contact EPG Construction Work Program at:

Employ Prince George's Construction Work Program
1801 McCormick Drive, Suite 400
Largo, MD 20744
Telephone: 301-618-8400

Contact info for employers/contractors: BusinessServices@co.pg.md.us

Contact info for job seekers: wsd@co.pg.md.us

Section 3 Workers or Business Complaint Procedures

A written complain should contain:

Name and address of 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 correction action sought (i.e., training, employment or contracts)

Internal Section 3 Complaints

Complaints generated due to non-compliance through an internal process, DHCD encourages submittal of complaints to:

The Office of the Director
Prince George's County Department of Housing and Community Development
9200 Basil Court, Suite 306
Largo, Maryland 20774

Local HUD Field Office Section 3 Complaints

Any Section 3 workers or Section 3 businesses 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 at:

The Assistant Secretary of 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

DHCD Contractors or Subcontractors Section 3 Action Plan

In efforts to utilize DHCD's federal programs to maximize economic opportunities for low and very low-income persons, the contractor and subcontractor are required to submit the following attached Section 3 Action Plan and performance reports to the assigned DHCD staff once the project is completed.

- DHCD Section 3 Exhibit A-1: Contractor or Subcontractor Action Plan
- DHCD Section 3 Exhibit A-2: Summary Report
- DHCD Section 3 Exhibit A-3: Business Concern Certification
- DHCD Section 3 Exhibit A-4: Worker Self-Certification

**Prince George's County, Maryland
Department of Housing and Community Development
Contractor/Subcontractor Section 3 Action Plan**

General Statement:

_____, as the contractor is committed to comply with the Section 3 regulations (24 C.F.R. § 75). It is our desire to work together to ensure compliance to the “greatest extent feasible”, through awarding of contracts for work and services to Section 3 Business Concerns, and to provide employment and training to Section 3 Workers. All subcontractors interested in submitting bids for contracts will be informed of the Section 3 requirements and goals.

Section 3 Goals:

The _____ will be considered to have complied with the Section 3 Safe Harbor requirements if “to the greatest extent feasible” they:

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 HUD:
 - a) A minimum of twenty-five percent (25%) of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers; and
 - 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 twenty-five percent (25%) threshold.

Outreach:

We are committed to conduct an aggressive outreach campaign to make Section 3 Business Concerns and Section 3 Workers aware of contracting and hiring opportunities in connection with this Section 3 Covered Project. Efforts will include, but not limited to, publication of opportunities in the local newspapers, use of signage at the project site, flyers posted in the neighborhood, and surrounding areas, notification of local housing authorities, employment agencies, and local YouthBuild chapters.

Section 3 Covered Project Neighborhood Area:

Prince George's County, Maryland
Department of Housing and Community Development
Contractor/Subcontractor Section 3 Action Plan

We agree to submit to the Department of Housing and Community Development the following Section 3 performance and summary reports as soon as the information is available.

- Exhibit A-1: General Statement
- Exhibit A-2: Section 3 Business Concern Certification for Contracting
- Exhibit A-3: Section 3 Worker and Targeted Section 3 Worker Self-Certification
- Exhibit A-4: Section 3 Activities Summary Report

Date: _____

Contractor: _____
(Print Name and Title)

Signature of Contractor: _____

Prince George's County, Maryland
Department of Housing and Community Development
Section 3 Summary Report

In accordance with Section 3 guidelines at 24 C.F.R. § 75, the Department of Housing and Community Development is required to report Section 3 activities. The information will be used to monitor program recipients' compliance with Section 3. An assurance of confidentiality is not applicable to this form. The reporting requirements do not contain sensitive questions. Data is cumulative; personal identifying information is not included.

Part I: Identifying Information

| | |
|--------------------------------|--|
| Contractor/Subcontractor Name: | |
| Address: | |
| Contact Name: | |
| Contact E-mail: | |
| Project Name: | |
| HUD IDIS No. | |

Part II: Section 3 Labor Hours

Safe Harbor Benchmarks established by the U.S. Department of Housing and Urban Development (HUD)

- a) A minimum of twenty-five percent (25%) of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers; and
- 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 twenty-five percent (25%) threshold.

| Total Labor Hours | Section 3 Worker Hours | % of Section 3 Work Hours | Total Targeted Labor Hours | Targeted Section 3 Workers Hours | % of Section 3 Workers Hours |
|-------------------|------------------------|---------------------------|----------------------------|----------------------------------|------------------------------|
| | | | | | |

Did the reporting agency meet or exceed the safe harbor benchmarks? Yes or No (Please circle one)
If not, complete Part III.

Prince George's County, Maryland
Department of Housing and Community Development
Section 3 Summary Report

Part III: Summary of Qualitative Efforts

This section is not required if, based on the labor hours reporting above, the reporting agency met or exceeded the safe harbor benchmarks.

Indicate the efforts made to direct employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. (Check all that apply.) Maintain records available for DHCD and HUD review to document efforts checked.

| | |
|--|---|
| | 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 |
| | Engaged in outreach to identify and secure bids from Section 3 business concerns |
| | Provided technical assistance to Section 3 business concerns to help them understand Section 3 requirements |
| | Provided bonding assistance, guarantees, or other efforts to support viable bids from Section 3 business concerns |
| | Promoted use of Section 3 business registry and HUD Opportunity Portal |
| | Outreach, engagement, or referrals with the Employ Prince George's Construction Works Program |
| | Other (Describe): |

Note: Documentation of qualitative efforts made by the Contractor and Subcontractor should be maintained. Documentation might include:

- Copies of direct mail solicitations
- Email and internet outreach efforts
- Formal advertisements
- Flyers or brochures about meetings
- Sign-in lists from job fairs and other public meetings
- Agendas and/or meeting notes from meetings with contractors

Prince George's County, Maryland
Department of Housing and Community Development
Section 3 Worker and Targeted Section 3 Worker Self-Certification

Evidence of Section 3 Certification: The purpose of HUD's Section 3 program is to provide employment, training and contracting opportunities to low-income individuals, particularly those who are recipients of government assistance for housing or other public assistance programs. **Your response is voluntary, confidential, and has no effect on your employment.** Refer to page 3 for the Section 3 Income Limits and Eligibility Guidelines. A Section 3 Worker seeking certification shall self-certify and submit this form to the contractor or subcontractor.

Instructions: Enter/select the appropriate information to confirm your Section 3 Worker or Targeted Section 3 Worker status.

| Employee Information | |
|--|--|
| Name of Employee: | |
| 1. Are you a resident of public housing or a Housing Choice Voucher Holder (Section 8)? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 2. Are you a resident of Prince George's County? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 3. In the field below, select the amount of individual income you believe you earn on an annual basis. | |
| <input type="checkbox"/> Less than \$10,000 <input type="checkbox"/> \$30,001 - \$40,000 <input type="checkbox"/> More than \$60,000 <input type="checkbox"/> \$10,001 - \$20,000 <input type="checkbox"/> \$40,001 - \$50,000 <input type="checkbox"/> \$20,001 - \$30,000 <input type="checkbox"/> \$50,001 - \$60,000 | |
| Select from ONE of the following two options below: | |
| I qualify as a: | |
| | Section 3 Worker (as defined on page 3 of the Section 3 Income Limits and Eligibility Guidelines) |
| | Targeted Section 3 Worker (as defined on page 3 of the Section 3 Income Limits and Eligibility Guidelines) |

Prince George's County, Maryland
Department of Housing and Community Development
Section 3 Worker and Targeted Section 3 Worker Self-Certification

Employee Affirmation

I affirm that the above statements are true, complete, and correct to the best of my knowledge and belief. I understand that employees who misrepresent themselves as Section 3 Workers and report false information to the Prince George's County Department of Housing and Community Development may be treated as noncompliance subject to corrective action, up to and including termination, consistent with HUD's good-faith effort requirements.

Employee Address:

Print Name:

Date Hired:

Signature:

Date:

FOR DHCD ADMINISTRATION USE ONLY

Is the employee a Section 3 worker based upon their self-certification? Yes No

Is the employee a Targeted Section 3 worker based upon their self-certification? Yes No

Was this an applicant who was hired as a result of the Section 3 project? Yes No

Please retain this form in the DHCD HUD-funded activity project file for five (5) years.

Prince George's County, Maryland
Department of Housing and Community Development
Section 3 Worker and Targeted Section 3 Worker Self-Certification

Section 3 Income Limits

Effective June 1, 2025

The worker's income must be at or below the amount provided below for an individual (household of 1) regardless of actual household size.

Individual Income Limits for Prince George's County FY 2026

| Income Limits Category | FY 2026 Income Limits |
|--|------------------------------|
| Extremely Low-Income Limits (30%) | \$34,450 |
| Very Low-Income Limits (50%) | \$57,400 |
| Low Income Limits (80%) | \$74,800 |

Source: U.S. Department of Housing and Urban Development (<http://www.huduser.org>)

Section 3 Worker Definition:

- A low or very low-income resident (the worker's income for the previous or annualized calendar year is below the income limit established by HUD); or
- Employed by a Section 3 Business Concern; or
- A YouthBuild participant.

Targeted Section 3 Worker Definition:

- Employed by a Section 3 Business Concern or
- Currently meets or when hired met at least one of the following categories as documented within the past five (5) years:
 - Living within the service area or the neighborhood of the project, as defined in 24 CFR Part 75.5; or
 - A YouthBuild participant.

Prince George's County, Maryland
Department of Housing and Community Development
Section 3 Worker and Targeted Section 3 Worker Self-Certification

Evidence of Section 3 Certification: The purpose of HUD's Section 3 program is to provide employment, training and contracting opportunities to low-income individuals, particularly those who are recipients of government assistance for housing or other public assistance programs. **Your response is voluntary, confidential, and has no effect on your employment.** Refer to page 3 for the Section 3 Income Limits and Eligibility Guidelines. A Section 3 Worker seeking certification shall self-certify and submit this form to the contractor or subcontractor.

Instructions: Enter/select the appropriate information to confirm your Section 3 Worker or Targeted Section 3 Worker status.

| Employee Information | |
|--|--|
| Name of Employee: | |
| 1. Are you a resident of public housing or a Housing Choice Voucher Holder (Section 8)? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 2. Are you a resident of Prince George's County? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 3. In the field below, select the amount of individual income you believe you earn on an annual basis. | |
| <input type="checkbox"/> Less than \$10,000 <input type="checkbox"/> \$30,001 - \$40,000 <input type="checkbox"/> More than \$60,000 <input type="checkbox"/> \$10,001 - \$20,000 <input type="checkbox"/> \$40,001 - \$50,000 <input type="checkbox"/> \$20,001 - \$30,000 <input type="checkbox"/> \$50,001 - \$60,000 | |
| Select from ONE of the following two options below: | |
| I qualify as a: | |
| | Section 3 Worker (as defined on page 3 of the Section 3 Income Limits and Eligibility Guidelines) |
| | Targeted Section 3 Worker (as defined on page 3 of the Section 3 Income Limits and Eligibility Guidelines) |

Prince George's County, Maryland
Department of Housing and Community Development
Section 3 Worker and Targeted Section 3 Worker Self-Certification

Employee Affirmation

I affirm that the above statements are true, complete, and correct to the best of my knowledge and belief. I understand that employees who misrepresent themselves as Section 3 Workers and report false information to the Prince George's County Department of Housing and Community Development may be treated as noncompliance subject to corrective action, up to and including termination, consistent with HUD's good-faith effort requirements.

Employee Address:

Print Name:

Date Hired:

Signature:

Date:

FOR DHCD ADMINISTRATION USE ONLY

Is the employee a Section 3 worker based upon their self-certification? Yes No

Is the employee a Targeted Section 3 worker based upon their self-certification? Yes No

Was this an applicant who was hired as a result of the Section 3 project? Yes No

Please retain this form in the DHCD HUD-funded activity project file for five (5) years.

Prince George's County, Maryland
Department of Housing and Community Development
Section 3 Worker and Targeted Section 3 Worker Self-Certification

Section 3 Income Limits

Effective June 1, 2025

The worker's income must be at or below the amount provided below for an individual (household of 1) regardless of actual household size.

Individual Income Limits for Prince George's County FY 2026

| Income Limits Category | FY 2026 Income Limits |
|--|------------------------------|
| Extremely Low-Income Limits (30%) | \$34,450 |
| Very Low-Income Limits (50%) | \$57,400 |
| Low Income Limits (80%) | \$74,800 |

Source: U.S. Department of Housing and Urban Development (<http://www.huduser.org>)

Section 3 Worker Definition:

- A low or very low-income resident (the worker's income for the previous or annualized calendar year is below the income limit established by HUD); or
- Employed by a Section 3 Business Concern; or
- A YouthBuild participant.

Targeted Section 3 Worker Definition:

- Employed by a Section 3 Business Concern or
- Currently meets or when hired met at least one of the following categories as documented within the past five (5) years:
 - Living within the service area or the neighborhood of the project, as defined in 24 CFR Part 75.5; or
 - A YouthBuild participant.