



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations


November 3, 2021

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin 
Senior Legislative Budget and Policy Analyst

FROM: Warren E. Burris, Sr. 
Senior Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CR-097-2021 FY 2022 Consolidated and Annual Action Plans (DR-1)

CR-097-2021 (*proposed by: Council Chair Hawkins by Request of the County Executive*)

Assigned to Committee of the Whole (COW)

A RESOLUTION CONCERNING THE CONSOLIDATED PLAN FISCAL YEAR ("FY") 2021-2025 and ANNUAL ACTION PLAN FISCAL YEAR ("FY") 2022 ANNUAL ACTION PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT for the purpose of amending the Prince George's County Fiscal Year ("FY") 2021-2025 Consolidated Plan for Housing and Community Development and the Prince George's County FY 2022 Annual Action Plan in the Housing and Community Development by including the FY 2021-2025 Section 3 Plan.

Fiscal Summary

Direct Impact:

Expenditures: None

Revenues: None

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Indirect Impact:

Likely positive

Legislative Summary:

CR-097-2021, proposed by the County Executive and sponsored by Councilmembers Hawkins, Dernoga, Franklin, Taveras, Davis, Glaros, Turner, and Harrison was introduced on September 28, 2021 and referred to the Committee of the Whole. The Public Hearing was held on October 28, 2021. CR-097-2021 seeks to amend the Five- year Consolidated Plan (2021-2025) and the FY 2022 Annual Action Plans.

Current Law/Background:

Pursuant to 24 Code of Federal Regulations (CFR) 91, the overall goal of the community planning and development programs covered by this part is to develop viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities principally for low- and moderate-income persons. The primary means towards this end is to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and non-profit organizations, in the production and operation of affordable housing.

The consolidated submission described in this part 91 requires the jurisdiction to state in one document its plan to pursue these goals for all the community planning and development programs, as well as for housing programs. It is these goals against which the plan and the jurisdiction's performance under the plan will be evaluated by HUD¹.

The consolidated plan serves the following functions:

- (1) A planning document for the jurisdiction, which builds on a participatory process among citizens, organizations, businesses, and other stakeholders;
- (2) A submission for federal funds under HUD's formula grant programs for jurisdictions;
- (3) A strategy to be followed in carrying out HUD programs; and
- (4) A management tool for assessing performance and tracking results.

The Consolidated Plan is designed to help states and local jurisdictions to assess their affordable housing and community development needs and market conditions, and to make data-driven, place-based investment decisions. The consolidated planning process serves as the framework for a community-wide dialogue to identify housing and community development priorities that align and focus funding from the CPD formula block grant programs: Community Development Block Grant (CDBG) Program, HOME Investment Partnerships (HOME) Program, Housing Trust Fund

¹ 24 CFR 91

(HTF) Program, Emergency Solutions Grant (ESG) Program, and Housing Opportunities for Persons With AIDS (HOPWA) Program. The Consolidated Plan is carried out through Annual Action Plans, which provide a concise summary of the actions, activities, and the specific federal and non-federal resources that will be used each year to address the priority needs and specific goals identified by the Consolidated Plan.²

Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), as amended, requires that when new jobs or contracts are created as a result of the usage of certain HUD funds (including Public and Indian Housing funds), priority consideration is given, to the greatest extent feasible, to low- and very low-income persons residing in the community in which the funds are spent and to businesses that provide economic opportunities for these persons, to include training, employment, contracting and other economic opportunities to low- and very low-income persons, especially recipients of government assistance for housing, and to businesses that provide economic opportunities to low- and very low-income persons.³

In accordance with 24 CFR § 91.505, and pursuant to Prince George's County Code Section 15A-107, when amending its approved Consolidated Plan, CR-024-2019, DHCD must complete a Substantial Amendment that has to be approved by HUD. The jurisdiction shall amend its approved plan whenever it makes one of the following decisions:

- To make a change in its allocation priorities or a change in the method of distribution of funds;
- The addition of an eligible activity not originally funded or described in the Annual Action Plan; or
- A change in the location, description, regulatory reference, national objective citation, and status of an eligible activity originally described in the Annual Action Plan; or
- A change in the use of CDBG, HOME, Program Income, or ESG funds, exceeding \$250,000 from one existing activity to another existing eligible activity in any category within applicable program.

Therefore, the FY 2022 Annual Action Plan of the five-year Consolidated Plan must be amended to included proposed activities for the CDBG funds received by DHCD that were not previously discussed or described in the Annual Action Plan.

Resource Personnel:

DHCD Staff

² https://www.hud.gov/program_offices/comm_planning/conplan

³ <https://www.hud.gov/section3>

Discussion/Policy Analysis:

Section 3 is both race and gender neutral. The standards provided under this regulation are based on income-level and location. Section 3 regulations were designed to encourage recipients of HUD funding to direct employment, training, and contracting opportunities to low-income individuals, and the businesses that employ these persons within their community regardless of race and/or gender.⁴

Section 3 projects are 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 assistance to the project exceeds a threshold of \$200,000. The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing. The requirements of Part 75 apply to an entire Section 3 project, regardless of whether the project is fully or partially assisted under HUD programs that provide housing and community development financial assistance.⁵

- *Potential Benefits of Adopting CR-097-2021*

Adoption of CR-097-2021 would provide guidance and direction to implement and monitor Section 3 requirements as set forth by federal law. Considering the impact of the Pandemic, this could provide needed economic benefit to residents and businesses in the County.

- *Potential Costs of adopting CR-097-2021*

Adoption of CR-097-2021 would represent, at most, minimal costs to ensure proper training of staff and subrecipients and ensuring there is an effective and appropriate monitoring plan to assure compliance.

Fiscal Impact:

Direct Impact

Adoption of CR-097-2021 should have, *at most*, minimal adverse direct fiscal impact on the County.

Indirect Impact

Adoption of CR-097-2021 should have a positive indirect fiscal impact through economic opportunities (i.e., Job training, contracts, employment, etc.) for County residents and businesses.

⁴ [HUD Section 3 FAQs \(August 2021\)](#)

⁵ Id.

Appropriated in the Current Fiscal Year Budget

No

Considerations

- ✓ Consider building a partnership with Employ Prince George's to assist with training and securing employees.
- ✓ Consider DHCD working with the Office of Central Services to develop Section 3 Business certification and modify procurement proposals to incentivize bidders to submit valid Section 3 plans with proposals for all projects receiving HUD assistance.
- ✓ Consider development a training and monitoring plan for subrecipients to ensure proper and accurate reporting to HUD.⁶

Effective Date of Proposed Legislation:

The Resolution shall become effective as of the date of its adoption.

If you require additional information, or have questions about this fiscal impact statement, please reach me via phone or email.

⁶ All direct recipients of HUD funds that are covered by Section 3 must document actions taken to comply with the regulatory requirements and submit reports annually. Pursuant to the regulation, HUD not only reviews this information for compliance, but also conducts periodic compliance reviews of recipients and contractors