Civil Rights and Fair Housing Section 3

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Civil Rights and Fair Housing

Minimum Requirements for Civil Rights Compliance

- Equal employment opportunity*
- Equal access to CDBG contracts and business opportunities
- Section 504 handicapped requirements, and
- Compliance with Federal Fair Housing legislation

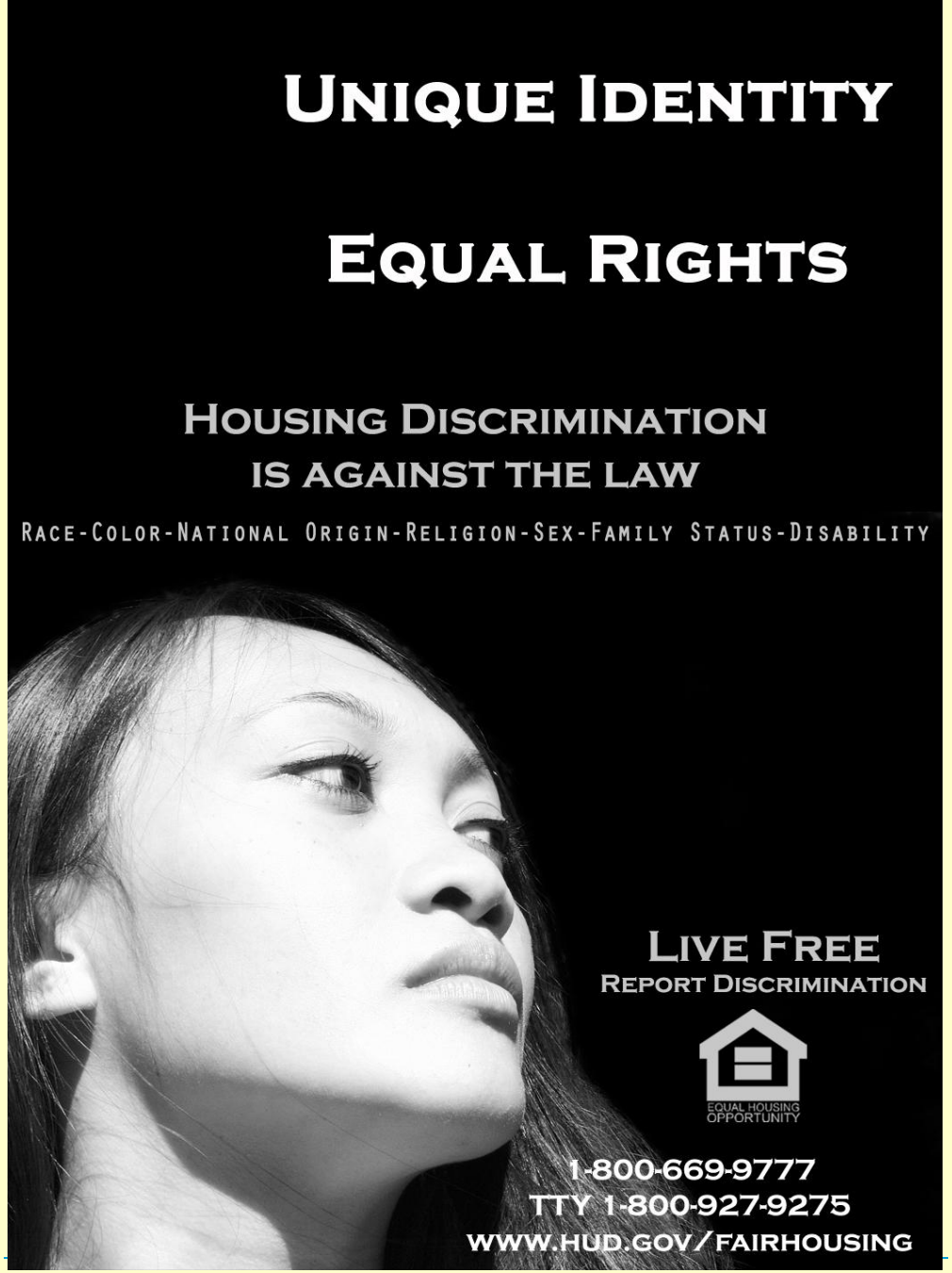
* Executive Order 11246 bars discrimination in Federal employment.

Overview
Fair Housing and Equal Opportunity

- CDBG grantees must administer their programs in a non-discriminatory manner. Grantees must take measures to:
  - Ensure non-discriminatory treatment and equal access
  - Affirmatively further fair housing
  - Provide economic opportunities to low-income residents (Section 3)

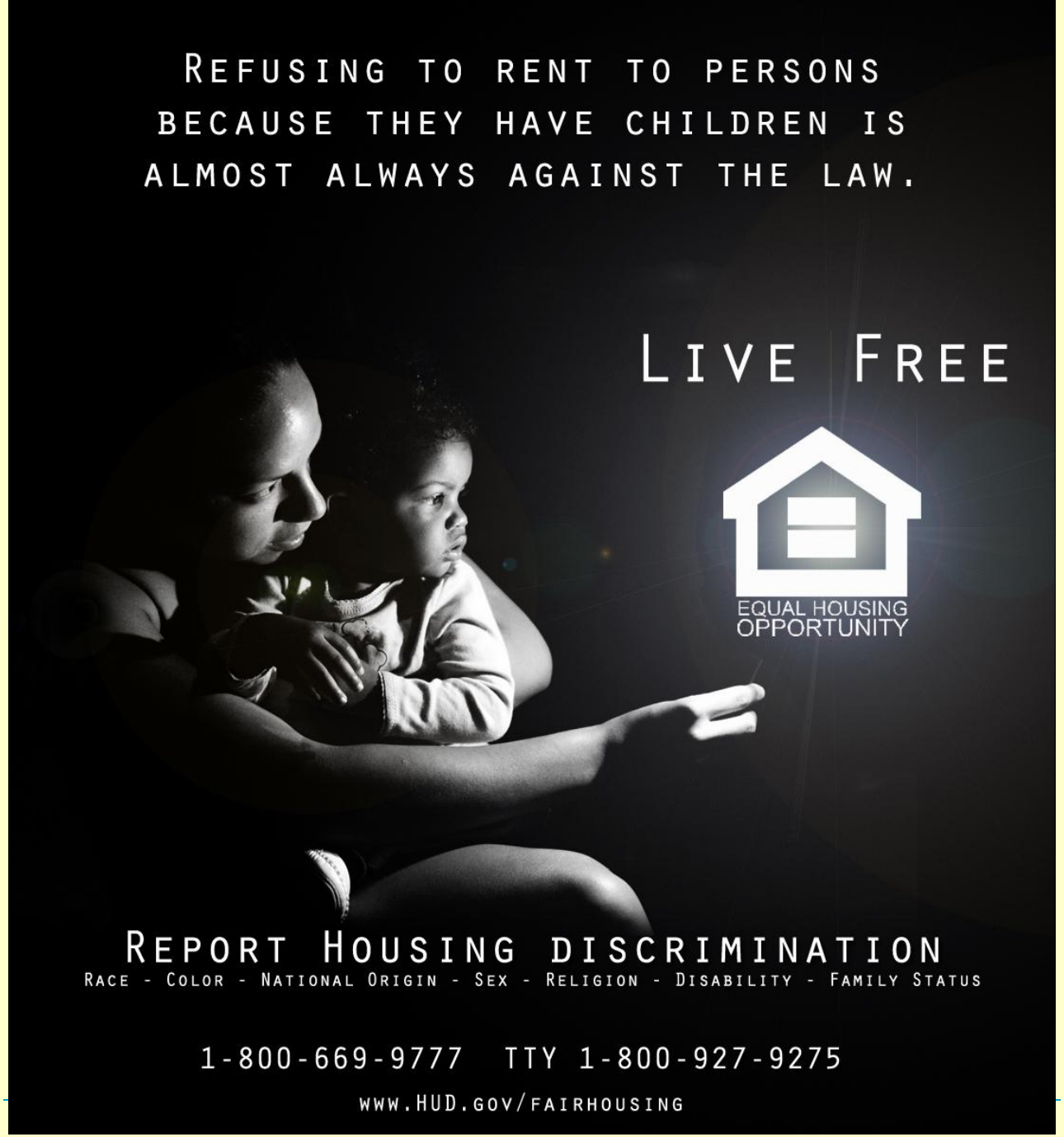
- Requirements apply to:
  - Housing
  - Benefits/opportunities created by CDBG
  - Employment
  - Business opportunities, such as contracting

Reference for All Posters:
http://portal.hud.gov/hudportal/HUD?src=/livefree



Applicable Laws and Regulations-1 of 4

- Section 109 of the Housing and Community Development Act of 1974:
  - Prohibits discrimination in any CDBG-funded program or activity on the basis of:
    - Race
    - Color
    - National Origin
    - Sex
    - Religion
  - Reference: Section 109 of Title I of the Housing and Community Development Act of 1974 (Public Law 96-153)


Refusing to rent to persons because they have children is almost always against the law.
Live Free
EQUAL HOUSING OPPORTUNITY
Report Housing discrimination
Race - Color - National Origin - Sex - Religion - Disability - Family Status
1-800-669-9777 TTY 1-800-927-9275
www.HUD.gov/fairhousing

Applicable Laws and Regulations-2 of 4

- Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, prohibits discrimination in all housing-related activities on the basis of:
  - Race
  - Color
  - Religion
  - Sex
  - National Origin
  - Familial Status (Number and Age of Children)
  - Disability (Handicap)

- Reference: HUD CPD Policy Memorandum dated 02/09/07: http://www.hud.gov/offices/fheo/promotingfh/fairhousing-cdbg.pdf

YOU HAVE THE RIGHT TO LIVE WHERE YOU CHOOSE.
REPORT HOUSING DISCRIMINATION.
1-800-669-9777 TTY 1-800-927-9275
WWW.ESPANOL.HUD.GOV/OFFICES/FHEO
WWW.HUD.GOV/FAIRHOUSING
LIVE FREE
EQUAL HOUSING OPPORTUNITY

Applicable Laws and Regulations-3 of 4

- Section 104(b)(2) of the Housing and Community Development Act of 1974:
  Each grantee must certify that:
  - The grant will be administered in conformance with the Fair Housing Act, and
  - The grantee will "affirmatively further fair housing" (AFFH)

EQUAL HOUSING OPPORTUNITY

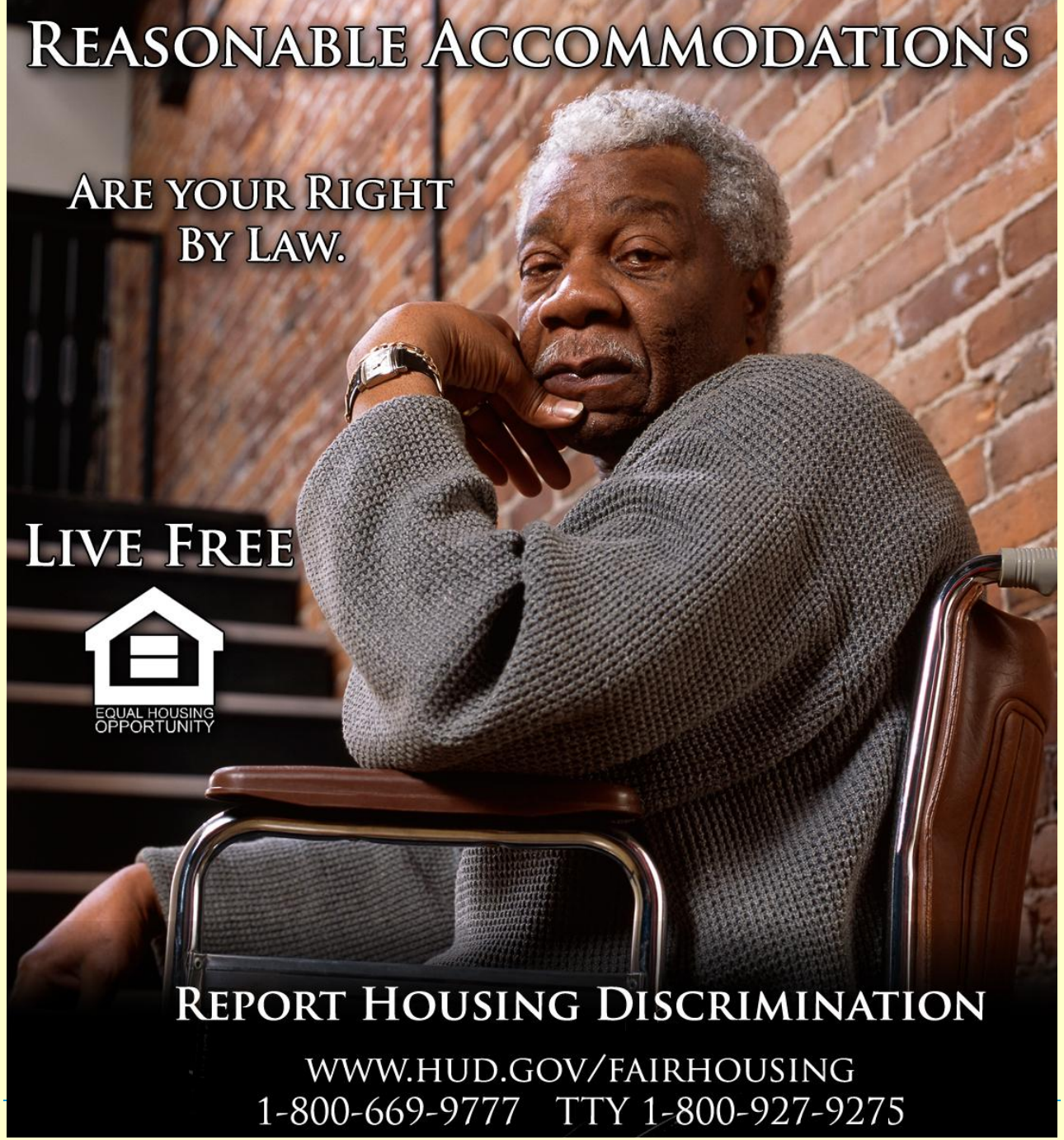
Reference: Section 104(b)(2) of Title I of the Housing and Community Development Act of 1974 (Public Law 96-153)

REASONABLE ACCOMMODATIONS
ARE YOUR RIGHT BY LAW.
LIVE FREE
EQUAL HOUSING OPPORTUNITY
1-800-669-9777 TTY 1-800-927-9275
WWW.HUD.GOV/FAIRHOUSING

Applicable Laws and Regulations-4 of 4

- Section 504 of the Rehabilitation Act of 1973: Prohibits discrimination based on handicap (disability) in any program or activity receiving federal financial assistance.
- Architectural Barriers Act of 1968: Requires buildings constructed or assisted with federal funds to be accessible to and useable by disabled persons.

- References: 24 CFR Part 8 and Part 9; HUD Notices CPD-05-09 and CPD-05-10


Reasonable Accommodations
Are your Right
By Law.
Live Free
EQUAL HOUSING
OPPORTUNITY
Report Housing Discrimination
WWW.HUD.GOV/FAIRHOUSING
1-800-669-9777 TTY 1-800-927-9275

Helpful websites

- *Fair Housing Laws and Executive Orders:* http://www.hud.gov/offices/fheo/FHLaws/

- *Promoting Fair Housing:* http://www.hud.gov/offices/fheo/promotingfh.cfm

- *ADECA's website-Current Forms and Sample Documents:* http://www.adeca.alabama.gov/Divisions/ced/cdp/Pages/CDBG-Current-Forms-and-Sample-Documents.aspx

Section 3

Form 60002-Section 3 Summary Report
Introduction to Section 3

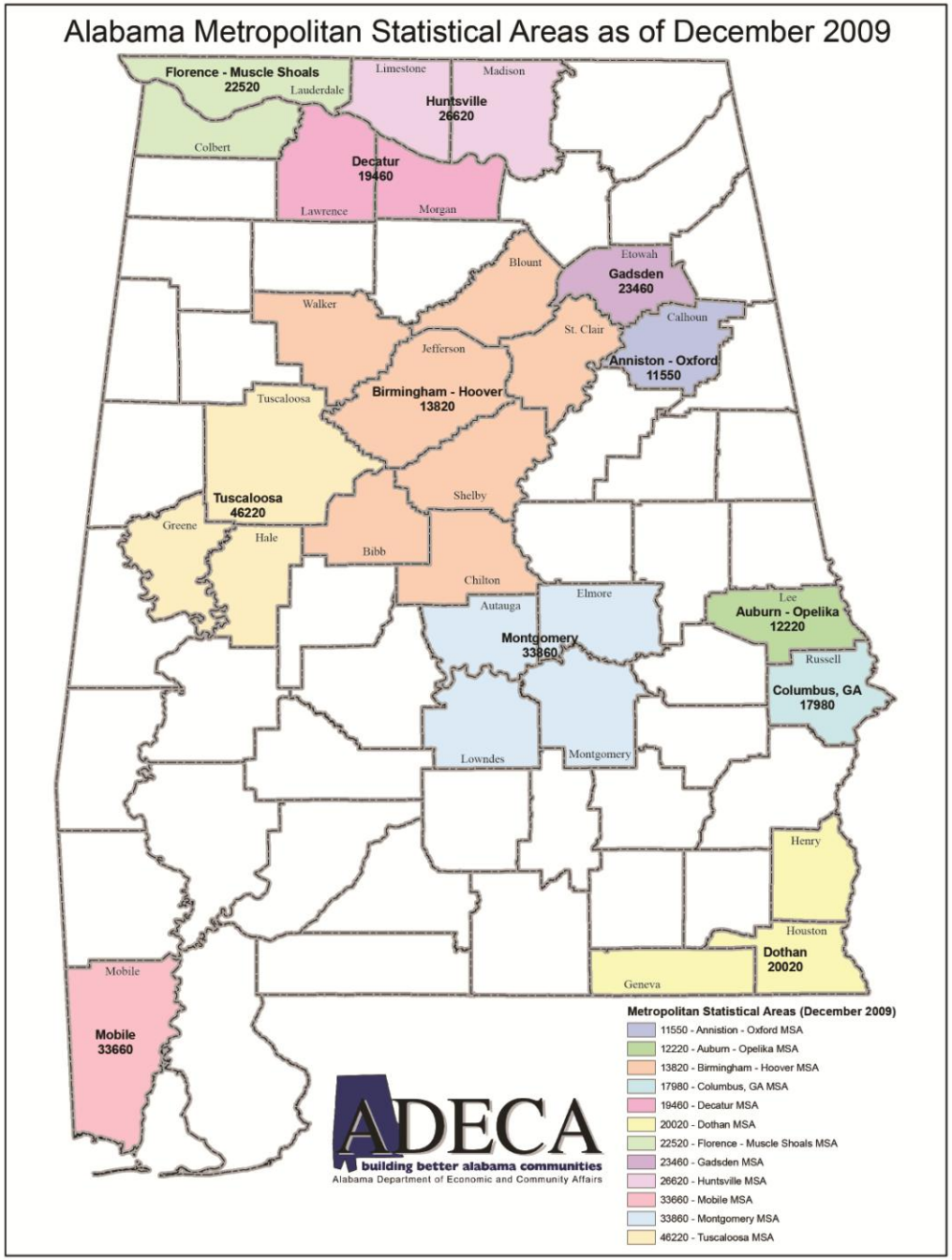
- Purpose of the Section 3 Regulation-To provide economic opportunities (subcontracts, jobs, and training) to all “local” residents of low to very low income status and to local businesses meeting the Section 3 standard.
- Section 3’s Scope- Section 3 requirements apply to the whole project, regardless of whether it is fully or partially funded by CDBG.
- Report only CDBG Dollars.

What is Section 3?

- **Section 3 of the HUD Act is <u>race-neutral</u>.**

- **Section 3 refers to <u>local</u> and <u>low income</u>.**
  - <u>Local</u>-county or metropolitan area (MSA).
  - <u>Low Income</u>-
    - "low income" (single persons or families with incomes less than 80% of median income for area)
    - "very low income" (single persons or families with incomes less than 50% of median income for area).

What is “local”?



HUD's Community Partners in Alabama

State of Alabama Agencies

- Alabama Department of Economic and Community Affairs
- Alabama Housing Finance Authority

Alabama Entitlement Cities and Counties

- Auburn
- Birmingham
- Decatur
- Dothan
- Florence
- Gadsden
- Hoover
- Huntsville
- Mobile
- Montgomery
- Opelika
- Tuscaloosa
- Jefferson County
- Mobile County

Who is a "Section 3 resident"?

- Public housing resident
- Homeless person residing in the project area
- Participant in a HUD Youthbuild program
- Families (including single persons) with "Low Income" (80% of median family income for the area)
- Families (including single persons) with "Very Low Income" (50% of median family income for the area)
  - References: 24 CFR Part 135 § 135.5 and § 135.34(a)(2)

Note: The definitions of "low" and "very low" income are different from the CDBG definitions.

What is a “Section 3 business concern”?

A. 51% or more owned by Section 3 residents

B. 30% or more of permanent, full-time employees are currently Section 3 residents or were Section 3 residents when hired (hire date within the last 3 years)

C. 25% or more of contract dollar value is subcontracted to business concerns meeting definition in letter a or b.

Form 60002-Section 3 Summary Report
Employment and Contracting

- "A Section 3 resident must meet the qualifications of the position to be filled."
- "A Section 3 business concern must have the ability and capacity to perform successfully under the terms and conditions of the proposed contract."

Source: Page 12 of HUD Atlanta Region's Brochure on Section 3 (see references).

Form 60002-Section 3 Summary Report
Legislatively Established Section 3 Goals

- **30%** of new hires
- **10%** of construction contracts (building trades work for maintenance, repair, and public construction)
- **3%** of non-construction contracts (includes professional service contracts)

Note: The goals are not "set-asides" or "quotas", which guarantee a specific portion of funds will be provided to protected classes.

Form 60002-Section 3 Summary Report Reporting Threshold

Most ADECA grantees must complete Form 60002. Complete if:

- **Recipient's Threshold**-CDBG Award > $200,000
- **Contractor/Subcontractor's Threshold**-Any Contract > $100,000
  - Section 3 requirements apply to contractors and subcontractors performing work when the CDBG award is > $200,000 and the contract/subcontract is > $100,000.

Note: Planning grants and small grants with ≤ $200,000 CDBG Dollars do not report.

Form 60002-Section 3 Summary Report

What is a "new hire"?

"A new hire means a full-time employee for a new permanent, temporary, or seasonal position that is created during the expenditure of Section 3 covered financial assistance."

Source: "Frequently Asked Questions and Answers About Section 3 of the Housing & Urban Development Act of 1968", question 7 (HUD website).

Form 60002-Section 3 Summary Report

What if we don't need to hire?

"Recipient agencies are not required to create jobs or contracts for Section 3 residents and business concerns simply for the sake of creating them."

Source: "Frequently Asked Questions and Answers About Section 3 of the Housing & Urban Development Act of 1968", question 28 (HUD website).

Form 60002-Section 3 Summary Report

How do I Find Section 3 Residents/Business Concerns?

- Contact resident organizations at public housing communities, local community development agencies, and employment agencies.
- Distribute flyers
- Post signs
- Place ads in local newspapers

Note: Grantee and contractors/subcontractors need to document all outreach efforts to recruit Section 3 residents and Section 3 business concerns.

Form 60002-Section 3 Summary Report
ADECA CDBG Grantee Responsibilities

- Publicize available economic opportunities for CDBG projects.
- Notify contractors of responsibilities and include the Section 3 clause in contracts. Use the Section 3 clause found at 24 CFR § 135.38 in its entirety, verbatim-parts A through G.
- Assist in obtaining compliance of contractors and subcontractors.
- Meet numerical goals.
- Document efforts to comply.
- Submit Form 60002 annually and also at closeout.

Form 60002-Section 3 Summary Report

What if we can't meet the Section 3 goals?

- It is important for the grantee to be prepared to demonstrate the efforts taken in an attempt to meet the numerical goals.

- Maintain records on job vacancies, solicitation for bids or proposals, selection materials, and contract documents (including scope of work and contract amount) in accordance with Federal and State procurement laws and regulations.

Form 60002-Section 3 Summary Report
ADECA's Reporting

ADECA compiles the Form 60002s and reports the results in the annual CAPER.

Form 60002-Section 3 Summary Report
Websites for Further Information

- *Frequently Asked Questions and Answers About Section 3 of the Housing & Urban Development Act of 1968"*: http://www.hud.gov/offices/fheo/section3/FAQ08.pdf
- *Youthbuild*-http://youthbuild.org/
- *Region IV Section 3 Brochure*- http://www.hud.gov/local/shared/news/r4/pres/octga3.pdf
- *HUD Form 60002 (location may change from time to time)*- http://www.adeca.alabama.gov/Divisions/ced/cdp/CDBG%20Documents/HUD%20FORM%2060002.pdf
- *Section 3 Reporting Guidance for CPD*: http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/section3/section3

Section 3

- Section 3 is a provision of the Housing and Urban Development Act of 1968:

  12 U.S.C. 1701u-Section 3

- The implementing regulations are found at:

  24 CFR 135

Civil Rights and Fair Housing Section 3

Questions and Answers