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
My kids and I have the right to live anywhere we want.

Knowing your rights is the first step in fighting housing discrimination. Educate yourself with the facts, go to www.hud.gov/fairhousing. Call HUD to report housing discrimination at 1-800-669-9777.

KNOWLEDGE IS POWER.
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)
YOUR CREDIT STATUS WILL AFFECT YOUR ABILITY TO BUY A HOUSE.

YOUR RACIAL STATUS SHOULD NOT.

It is against the law to consider race, color, national origin, religion, sex, disability or familial status in any decision regarding rental, sales or mortgage lending. If you believe you may be a victim of housing discrimination, contact HUD or your local Fair Housing Center:

Visit www.hud.gov/fairhousing or call the HUD Hotline
1-800-669-9777 (voice) 1-800-927-9275 (TTY)

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)

My race is NOT part of a mortgage discussion.

Knowing your rights is the first step in fighting housing discrimination. Educate yourself with the facts, go to www.hud.gov/fairhousing. Call HUD to report housing discrimination at 1-800-669-9777.

KNOWLEDGE IS POWER.
“I’m sorry. I must have misplaced your paperwork...”

“Your credit report isn’t back.”
“Your income hasn’t been verified yet.”

Don’t be fooled by excuses. What appears to be a delay could be discrimination. You can fight back.

If you believe you may be a victim of housing discrimination, contact HUD or your local Fair Housing Center:

Visit www.hud.gov/fairhousing or call the HUD Hotline
1-800-669-9777 (voice) 1-800-927-9275 (TTY)

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)

Reference: Section 104(b)(2) of Title I of the Housing and Community Development Act of 1974 (Public Law 96-153)
We Do Business in Accordance With the Federal Fair Housing Law
(The Fair Housing Amendments Act of 1988)

It is illegal to Discriminate Against Any Person
Because of Race, Color, Religion, Sex,
Handicap, Familial Status, or National Origin

- In the sale or rental of housing or residential lots
- In advertising the sale or rental of housing
- In the financing of housing
- In the provision of real estate brokerage services
- In the appraisal of housing
- Blockbusting is also illegal

Anyone who feels he or she has been discriminated against may file a complaint of housing discrimination:
1-800-669-9777 (Toll Free)
1-800-927-9275 (TTY)
www.hud.gov/fairhousing

U.S. Department of Housing and Urban Development
Assistant Secretary for Fair Housing and Equal Opportunity
Washington, D.C. 20410

Previous editions are obsolete
It’s okay to consider color

...as long as it’s green.

Judging you by what you look like instead of your qualifications is discrimination. What matters is your ability to pay for housing. It’s illegal to discriminate because of race, color, religion, sex, national origin, disability or familial status in the sale or rental of housing.

If you believe you may be a victim of housing discrimination, contact HUD or your local Fair Housing Center:

Visit www.hud.gov/fairhousing or call the HUD Hotline
1-800-669-9777 (voice) 1-800-927-9275 (TTY)

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
The ramp I wanted to put in shouldn’t raise my rent.

Knowing your rights is the first step in fighting housing discrimination. Educate yourself with the facts, go to www.hud.gov/fairhousing. Call HUD to report housing discrimination at 1-800-669-9777.

KNOWLEDGE IS POWER.
THE FAIR HOUSING ACT
PROHIBITS DISCRIMINATION
AGAINST THOSE WHO ARE
DEAF OR HARD OF HEARING

The federal Fair Housing Act prohibits discrimination in housing on the basis of disability. Landlords and other housing providers may not discriminate against persons who are deaf or who have other hearing or speech disabilities. They may not refuse to communicate with you because you contact them through TTY, video relay or other relay systems. Landlords must make reasonable accommodations or allow reasonable modifications for persons with disabilities, such as allowing a hearing dog in a no-pets building or approving the installation of strobes in an apartment.

Fair Housing Is Your Right. Use It.
Visit www.hud.gov/fairhousing or call the HUD Hotline
1-800-669-9777 (English/Español) 1-800-927-9275 (TTY)
Helpful websites

- **Fair Housing Laws and Executive Orders:**

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

- **ADECA’s website-Fair Housing Outreach page (Includes ADECA Fair Housing Poster for apartments):**
  [http://adeca.alabama.gov/Divisions/ced/cdp/Pages/fairhousing.aspx](http://adeca.alabama.gov/Divisions/ced/cdp/Pages/fairhousing.aspx)
Section 3
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 race-neutral.

- Section 3 refers to local and low income.
  - Local-county or metropolitan area (MSA).
  - Low Income-
    - “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.
Employment and Contracting

“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: Question 36.

“Residents and businesses must be able to demonstrate that they have the ability or capacity to perform the specific job or successfully complete the contract that they are seeking.” Source: Question 37.

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.
All ADECA CDBG grantees must complete Form 60002.

- **Contractor/Subcontractor’s Threshold**: Any Contract $\geq 100,000$

  - Section 3 requirements apply to contractors and subcontractors performing work when the CDBG award to the locality is $> 200,000$ and the contract/subcontract is $> 100,000$. 
What is a “new hire”?

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

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.”

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.
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.
ADECA compiles the Form 60002s and reports the results by program in the annual CAPER.
Websites for Further Information

- Youthbuild: http://youthbuild.org/
- 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

- 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
Form 2516 (Contract and Subcontract Activity)
## Section 3 Summary Report

### U.S. Department of Housing and Urban Development

**Form 60002 (Section 3 Summary Report)**

### Part II: Contracts Awarded

1. **Construction Contracts:**
   - Total dollar amount of all contracts awarded on the project: $
   - Total dollar amount of contracts awarded to Section 3 businesses: $
   - Percentage of the total dollar amount that was awarded to Section 3 businesses: %
   - Total number of Section 3 businesses receiving contracts:

2. **Non-Construction Contracts:**
   - Total dollar amount of non-construction contracts awarded on the project: $
   - Total dollar amount of non-construction contracts awarded to Section 3 businesses: $
   - Percentage of the total dollar amount that was awarded to Section 3 businesses: %
   - Total number of Section 3 businesses receiving non-construction contracts:

### Part III: Summary

Indicate the efforts made to direct the 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):

- Provided financial assistance to Section 3 firms and their employees through: provision of contracts to businesses and activities operated by low-income persons, particularly those who are recipients of government assistance for housing.

Public reporting for this collection of information is estimated to average 3 hours per response, excluding the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB number.

Section 3 of the Housing and Urban Development Act of 1968, as amended, 24 U.S.C. 1701a, mandates that the Department ensures that employment and other economic opportunities generated by its housing and community development assistance programs are directed toward low- and very-low-income persons, particularly those who are recipients of government assistance for housing. The regulations are found in 24 CFR Part 105. This information will be used by the Department to monitor program recipients' compliance with Section 3, to assess the results of the Department's efforts to meet the statutory objectives of Section 3, to prepare reports to Congress, and by recipients as self-monitoring tools. The data is transmitted into a database and will be analyzed and distributed. The collection of information involves recipients receiving Federal financial assistance for housing and community development programs opened by Section 3. The Privacy Act of 1974 and OMB Circular A-129 are not applicable to this form. The reporting requirements do not contain sensitive data. Data is cumulative; personal identifying information is not included.

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Form 60002 (Section 3 Summary Report)
Questions and Answers