

Louisiana Disaster Recovery and Mitigation Grant Implementation Manual

Chapter 7: Civil Rights



Louisiana Division of Administration

**Office of Community Development –
Disaster Recovery**

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1. Introduction

This section presents summaries of the key regulations and requirements of civil rights, fair housing, equal opportunity, and equal employment opportunity (EEO) laws applicable to the administration of Louisiana Office of Community Development – Disaster Recovery (LOCD-DR), Community Development Block Grant – Disaster Recovery (CDBG-DR), and Community Development Block Grant – Mitigation (MIT) funds.

The administration of CDBG-DR and CDBG-MIT funds is governed by key civil rights, fair housing, equal opportunity, and EEO laws to ensure that all programs and activities are conducted without bias or discrimination. These laws, include, but are not limited to, the following: [Title VI of the Civil Rights Act of 1964](#), the [Fair Housing Act](#), [Section 504 of the Rehabilitation Act of 1973](#), and the [Age Discrimination Act of 1975](#), which protect individuals from discrimination.

The civil rights laws and related laws and regulations are designed to protect individuals from discrimination on the basis of the following:

- Race
- National Origin
- Religion
- Color
- Sex
- Age
- Disability
- Familial Status
- Sexual Orientation
- Gender
- Gender Identity

- Pregnancy
- Sexual Harassment
- Victims of Domestic Violence
- Veteran Status
- Political Affiliation
- Genetic Information

As they apply to the LOCD-DR, CDBG-DR, and CDBG-MIT programs, these laws protect individuals from discrimination in the following categories:

1. Housing
2. Benefits created by CDBG-DR and CDBG-MIT projects
3. Employment
4. Business opportunities
5. Public accommodations
6. Education

Population groups specifically protected by the provisions of these laws include the following:

1. Minorities (specifically Blacks, Hispanics, Asians and Pacific Islanders, and American Indians and Alaska Natives)
2. Women
3. Groups distinguished by age
4. Persons with disabilities
5. Families with children
6. Veterans

The applicable laws and regulations ensure equal participation, fair housing, equal employment and economic opportunities, equal access to public services and facilities, and protection from discrimination.

2. Definitions

Refer to these definitions of the terms used within this chapter:

1. **Affirmatively Furthering Fair Housing:** Required in Title VIII of the Civil Rights Act of 1968, known as the Fair Housing Act. It mandates that recipients of federal funds take meaningful actions to overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunities (24 Code of Federal Regulations [CFR] [5.151](#) and [5.152](#)).
2. **Applicant:** A state or unit of general local government that submits an application pursuant to the provisions of Subpart E, F, G, or M.
3. **Contractor:** An entity selected in accordance with the procurement requirements at [2 CFR 200.318](#). In accordance with [2 CFR 200.319](#), such procurement actions must be conducted in a manner that provides for free and open competition. With specific regard to the context of Section 3 ([24 CFR 75.5](#)), a *Contractor* is an entity entering into a contract with either (1) a subrecipient to perform work in connection with public housing financial assistance, or a Section 3 project, or (2) a subrecipient for work in connection with a Section 3 project ([24 CFR 75.5](#)).
4. **Extremely Low-Income Person:** Persons or families whose total household incomes do not exceed 30% of the median income for the area (per the U.S. Consolidated Appropriations Act of 2014).
5. **Final Rule – Section 3:** The regulations collectively codified within [24 CFR Part 75](#).
6. **Labor Hours:** The number of paid hours worked by persons on a Section 3 project or by persons employed with funds that include public housing financial assistance ([24 CFR 75.5](#)).

7. **Low-Income Person:** Persons or families whose total household incomes do not exceed 80% of the median income for the area (per Section 3(b)(2) of the U.S. Housing Act of 1937) ([24 CFR 135.5](#), [24 CFR 75.5](#)).
8. **Materials Supply Contracts:** Contracts for the purchase of products and materials, including, but not limited to, lumber, drywall, wiring, concrete, pipes, toilets, sinks, carpets, and office supplies ([24 CFR 75.5](#)).
9. **Minority Business Enterprise (MBE):** An MBE is a business enterprise that is at least 51% owned and controlled by one or more minority or socially and economically disadvantaged persons. Such a disadvantage may arise from cultural, racial, chronic economic circumstances, or other similar causes.
10. **Mixed-Finance Development:** The development (through new construction or acquisition, with or without rehabilitation) or modernization of public housing, wherein the public housing units are owned, in whole or in part, by an entity other than a Public Housing Agency ([24 CFR 905.604](#)).
11. **Moderate Income Person:** Persons or families whose total income is between 80% and 140% of the median income for the area ([24 CFR 570.3\(r\)](#)).
12. **Neighborhood of the Project:** Defined as either (1) the area within 1 mile of the Section 3 project, or (2) if fewer than 5,000 people live within 1 mile of a Section 3 project, the area within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census (same as “Service Area”) ([24 CFR 75.5](#)).
13. **Office of Small and Disadvantaged Business Utilization:** The U.S. Department of Housing and Urban Development (HUD) office that is responsible for ensuring that small businesses are treated fairly and that they have an opportunity to compete and be selected for a fair amount of HUD’s prime and subcontracting opportunities.
14. **Old Rule – Section 3:** The regulations collectively codified within [24 CFR 135.5](#).

15. **Professional Services:** Non-construction services that require an advanced degree or professional licensing, including, but not limited to, contracts for legal services, financial consulting, accounting services, environmental assessment, architectural services, and civil engineering services (per [24 CFR 75.5](#)).
16. **Public Housing Agency:** Any state, parish, municipality, or governmental entity (or public body or agency or instrumentality of these entities) that is authorized to engage or assist in the development or operation of public housing ([24 CFR 905.108](#)).
17. **Public Housing Financial Assistance:** (1) Development assistance provided pursuant to Section 5 of the U.S. Housing Act of 1937; (2) operations and management assistance provided pursuant to Section 9(e) of the 1937 Act; (3) development, modernization, and management assistance provided pursuant to Section 9(d) of the 1937 Act; and (4) the entirety of a Mixed-Finance Development project, regardless of whether the project is fully or partially assisted with public housing financial assistance ([24 CFR 75.3\(a\)\(1\)](#)).
18. **Section 3 Business Concern:** As related to Section 3 of the HUD Act of 1968 (per [24 CFR 75.5](#)), a business concern meeting at least one of the following three criteria, documented within the previous six-month period:
- The business is at least 51% owned and controlled by low- or very low-income persons,
 - Over 75% of the labor hours performed for the business over the previous three-month period are performed by Section 3 workers, or
 - The business is at least 51% owned and controlled by current public housing residents or residents who currently live in Section 8 assisted housing.
19. **Section 3 Coordinator:** The individual tasked with overseeing all Section 3 responsibilities for the subrecipient.
20. **Section 3 Covered Activity:** As related to Section 3 of the HUD Act of 1968, any activity that is funded by Section 3 covered assistance ([24 CFR 135.5](#)).

21. **Section 3 Covered Assistance:** As related to Section 3 of the HUD Act of 1968, assistance provided under any CDBG-DR or CDBG-MIT program that is expended for work arising in connection with housing rehabilitation, housing construction, or other public construction projects ([24 CFR 135.5](#)).
22. **Section 3 Covered Contract:** As related to Section 3 of the HUD Act of 1968, a contract or subcontract awarded by a subrecipient or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 project. This does not include contracts for the purchase of materials and supplies unless the contract includes the purchasing of materials and installation of these materials and supplies. For example, a contract for the purchase and installation of a furnace would be a Section 3 covered contract because the contract is for work (i.e., the installation of the furnace) and thus is covered by Section 3 ([24 CFR 135.5](#)).
23. **Section 3 Project:** The 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 threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes Programs. 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 ([24 CFR 75.3\(2\)](#)).
24. **Section 3 Resident:** A public housing resident or an individual who resides in the metropolitan area or non-metropolitan county/parish in which the Section 3 covered assistance is expended, and who meets the definition of low-income or very low-income person ([24 CFR 135.5](#)).

25. **Section 3 Worker:** Per [24 CFR 75.5](#), any worker who currently fits, or when hired in the past five years, fits at least one of the following categories, as documented:
- The worker’s income for the previous or annualized calendar year is below the income limit established by HUD,
 - The worker is employed by a Section 3 business concern, or
 - The worker is a YouthBuild participant.
26. **Section 504:** Protects people with disabilities from discrimination in services, benefits and opportunities in any program that receives federal assistance ([24 CFR 8](#)).
27. **Section 8 Assisted Housing:** Housing receiving project-based rental assistance or tenant-based assistance under Section 8 of the U.S. Housing Act of 1937 ([24 CFR 75.5](#)).
28. **Service Area:** Defined as either (1) the area within 1 mile of the Section 3 project, or (2) if fewer than 5,000 people live within 1 mile of a Section 3 project, the area within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census (same as “Neighborhood of the Project”) ([24 CFR 75.5](#)).
29. **Small Business:** A business that meets the criteria set forth in Section 3(a) of the Small Business Act ([15 United State Code \[U.S.C.\] 631, 636, 637](#)).
30. **Small Public Housing Authority (PHA):** A PHA that manages or operates fewer than 250 housing units ([24 CFR 75.5](#)).
31. **Subcontractor:** Any entity that has a contract with a contractor to undertake a portion of the contractor’s obligation to perform work in connection with the expenditure of public housing financial assistance or for a Section 3 project ([24 CFR 75.5](#)).
32. **Subrecipient:** A non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program but does not include an individual that is

a beneficiary of such a program ([2 CFR 200.93](#)).

33. Targeted Section 3 Worker:* Per [24 CFR 75.21](#), a Targeted Section 3 worker for housing and community development financial assistance is defined as a Section 3 worker who is also:

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

* Per [24 CFR 75.11](#), as it relates to public housing financial assistance, the Targeted Section 3 worker definition also includes considerations for residents of public housing or Section 8 housing.

34. Very Low-Income Person: Persons or families whose total household incomes do not exceed 50% of the median income for the area (per [Section 3\(b\)\(2\) of the U.S. Housing Act of 1937](#)) ([24 CFR 135.5](#), [24 CFR 75.5](#)).

35. Women’s Business Enterprise (WBE): A WBE is an independent business concern that is at least 51% owned and controlled by one or more women who are U.S. citizens or legal resident aliens, whose business formation and principal place of business are in the United States or its territories, and whose management and daily operations are controlled by a woman with industry expertise.

36. YouthBuild Program/Participant: YouthBuild programs are those receiving assistance from the U.S. Department of Labor under the Workforce Innovation and Opportunity Act of 2013. They are community based pre-apprenticeship programs that provide job training and educational opportunities for at-risk youth ([24 CFR 75.5](#)).

3. Civil Rights Requirements – Laws and Statutes

Several federal and state statutes, portions of the CDBG-DR and CDBG-MIT regulations, and presidential Executive Orders contain civil rights and affirmative action provisions that apply to all programs funded with federal monies. Civil rights laws applicable to LOCD-DR, CDBG-DR, and CDBG-MIT programs include, but are not limited to, the following statutes, regulations, and Executive Orders:

Title	Date	Summary
Statutes		
<u>Equal Pay Act</u>	1963	Prohibits employers from paying different wages to men and women for performing substantially the same skill, effort, and responsibility under similar working conditions.
<u>Civil Rights Act of 1964</u>	1964	Broad range of legislation that includes 11 specific titles to prohibit discrimination in a variety of contexts.
<u>Title VI of the Civil Rights Act</u>	1964	Prohibits discrimination in federally assisted programs.
<u>Title VII of the Civil Rights Act</u>	1964	Prohibits discrimination on the basis of race, color, religion, sex, and national origin for various aspects of employment, including hiring, firing, promotions, and compensation. Established the Equal Employment Opportunity Commission (EEOC) for the enforcement of protections.
<u>Title VIII of the Civil Rights Acts of 1968 (Fair Housing Act)</u>	1968	Prohibits discrimination in housing on the basis of race, color, religion, sex, or national origin. Also requires HUD to administer its programs in a manner that affirmatively promotes fair housing.
<u>Architectural Barriers Act</u>	1968	Requires buildings designed with federal funds to be accessible to persons with disabilities.
<u>Equal Opportunity Act</u>	1972	Strengthened the Civil Rights Act of 1964 by extending Title VII’s protections to include state and

Title	Date	Summary
		<p>local governments, educational institutions, and employers with more than 15 employees.</p> <p>Expanded the EEOC’s authority to file lawsuits against individuals, employers, and labor unions that violated discrimination laws.</p>
<u>Section 504 of the Rehabilitation Act</u>	1973	Prohibits discrimination based on disability in any program or activity receiving federal assistance.
<u>Section 508 of the Rehabilitation Act</u>	1973	Requires technology to be used to provide access to individuals with disabilities so that data and information are available that are comparable to people without disabilities.
<u>Section 109 of the Housing and Urban Development Act</u>	1974	Under any program or activity funded, in whole or in part, under Title I or Title II of the Act (regardless of the contract’s dollar value), no person shall be excluded from participation (including employment); denied program benefits; or subjected to discrimination on the basis of race, color, national origin, sex (including sexual orientation and sexual harassment), and religion.
<u>Vietnam Era Veteran’s Readjustment Assistance Act</u>	1974	<p>Protects Vietnam veterans from employment discrimination. Requires federal contractors to take affirmative action to employ and advance employment opportunities to qualified Vietnam era veterans, special disabled veterans, recently separated veterans, and other protected veterans.</p> <p>Administered by the Office of Federal Contract Compliance Programs.</p>
<u>Title IX of the Education Amendment Act</u>	1972	Title IX prohibits discrimination on the basis of sex (including gender, sexual orientation, and sexual harassment) in any educational programs and activities that receive federal financial assistance. HUD enforces Title IX when it relates to housing affiliated with an educational institution.

Title	Date	Summary
<u>The Age Discrimination Act</u>	1975	No person shall be excluded from participation, denied program benefits, or subjected to discrimination on the basis of age.
<u>Pregnancy Discrimination Act</u>	1978	Amended Title VII of the Civil Rights Act to explicitly prohibit employment discrimination on the basis of pregnancy, childbirth, or a related medical conditions.
<u>Title II of the Americans with Disabilities Act (ADA)</u>	1990	Prohibits discrimination based on disability in programs or activities provided by public entities, including public housing, housing assistance, and housing referrals.
<u>Violence Against Women Act (VAWA)</u>	1994	VAWA provides housing protections for victims of domestic violence, dating violence, sexual assault, and stalking in many of HUD's housing programs. VAWA also requires the establishment of emergency transfer plans for facilitating the emergency relocation of certain tenants who are victims of domestic violence, dating violence, sexual assault, or stalking.
<u>Uniformed Services Employment and Reemployment Rights Act</u>	1994	Prohibits federal, state, and local governments and private employers from discriminating against individuals based on past, present, or future military service. Guarantees that service members are promptly reemployed in their civilian jobs upon returning from duty.
<u>Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996</u>	1996	PRWORA primarily focused on welfare reform and did not explicitly address civil rights protection. The U.S. Commission on Civil Rights has highlighted concerns about disparities in access to and utilization of services, and discrimination in the delivery of welfare benefits.
<u>Genetic Information Nondiscrimination Act</u>	2008	Prohibits discrimination based on genetic information, both in health insurance decisions regarding coverage, rates, or underwriting and

Title	Date	Summary
		employment decisions, including hiring, firing, promotion, or other employment terms.
Executive Orders		
<u>Executive Order 11063: Equal Opportunity in Housing</u>	1962	Prohibits discrimination in the sale, leasing, renting, or other disposition of properties and facilities owned or operated by the federal government or provided with federal funds.
<u>Executive Order 11246: Equal Employment Opportunity & Nondiscrimination by Government Contractors and Subcontractors</u>	1965	Prohibits discrimination by federal contractors and subcontractors on the basis of race, color, religion, sex, and national origin and requires them to take affirmative action to prevent such discrimination.
<u>Executive Order 12892: Leadership and Coordination of Fair Housing in Federal Programs: Affirmatively Furthering Fair Housing</u>	1994	Requires the Secretary of HUD to coordinate affirmatively further fair housing efforts.
<u>Executive Order 12898: Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations</u>	1994	Directs federal agencies to promote environmental justice by identifying and addressing the disproportionately high and adverse human health or environmental effects of its programs, policies, and activities on minority and low-income populations, and established an Interagency Working Group on Environmental Justice.
<u>Executive Order 13217: Community-Based Alternatives</u>	2001	Requires federal agencies to evaluate their policies and programs to determine whether any of them can be revised or modified to improve the

Title	Date	Summary
<u>for Individuals With Disabilities</u>		availability of community-based living arrangements for persons with disabilities.
<u>Executive Order 13672: Prohibiting Discrimination Based on Sexual Orientation and Gender Identity by Contractors and Subcontractors</u>	2014	Added sexual orientation and gender identity to the prohibited bases of discrimination in Executive Order 11246 for contractors and subcontractors.
<u>Executive Order 14173: Ending Illegal Discrimination and Restoring Merit-Based Opportunity</u>	2025	This order revokes Executive Order 11246 and eliminates the requirement for federal contractors to maintain affirmative action programs for women and minorities. Executive Order 14173 requires contractors to maintain affirmative action programs for people with disabilities and veterans.

Regulations

Accessibility Standards for Design, Construction, and Alteration of Publicly Owned Residential Structures	<u>24 CFR 40</u>
Affirmative Fair Housing Marketing	<u>24 CFR 108</u> <u>24 CFR 110</u> <u>24 CFR 200, Subpart M</u> <u>24 CFR 203.12(b)(3)</u>
Affirmatively Furthering Fair Housing	<u>24 CFR 5.150 – 5.168</u>

Title	Date	Summary
Certification and Funding of State and Local Fair Housing Enforcement Agencies		24 CFR 115
Collection of Data		24 CFR 121
Discriminatory Conduct Under the Fair Housing Act		24 CFR 100
Equal Access Rule		24 CFR 5.105 24 CFR 5.106
Fair Housing Act Complaint Processing		24 CFR 103
Fair Housing Poster		24 CFR 110
Fair Housing Initiatives Program		24 CFR 125
Information and Communication Technology Standards and Guidelines		36 CFR 1194
Nondiscrimination and Equal Opportunity in Housing Under Executive Order 11063		24 CFR 107
Nondiscrimination Based on Handicap in Federally Assisted Programs and Activities of the U.S. Department of		24 CFR 8

Title	Date	Summary
Housing and Urban Development		
Nondiscrimination in Federally Assisted Programs of the U.S. Department of Housing and Urban Development – Effectuation of Title VI of the Civil Rights Act of 1964	24 CFR 1	
Nondiscrimination in Programs and Activities Receiving Assistance Under Title I of the Housing and Community Development Act of 1974	24 CFR 6	
Nondiscrimination on the Basis of Age in HUD Programs or Activities Receiving Federal Financial Assistance	24 CFR 146	
Nondiscrimination on the Basis of Disability in State and Local Government Services	28 CFR 35	
Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance	24 CFR 3	

Title	Date	Summary
Protection for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking		24 CFR 5.2001 – 5.2011

4. Strategies and Procedures

This section presents strategies and procedures for complying with the various civil rights, equal opportunity and affirmative action laws, regulations, and requirements outlined above. As a CDBG-DR or CDBG-MIT grant subrecipient, subrecipients must ensure that all CDBG-DR or CDBG-MIT funded activities undertaken as part of a program are conducted in a manner that will not cause discrimination on the basis of race, national origin, religion, color, sex, age, disability, familial status, sexual orientation, gender, gender identity, pregnancy, status as a victim of sexual harassment, status as a victim of domestic violence, veteran status, political affiliation, or genetic information.

The information that follows can be used, in whole or in applicable part, to ensure conformity with the required civil rights laws and regulations and assist in affirmative action policies.

4.1 Nondiscrimination, Equal Opportunity, and Affirmative Action in Employment

1. Maintain employment data that indicates staff composition by age, race, sex, disabled status, veteran status, and national origin.
2. Develop or review existing personnel policies to ensure compliance with nondiscrimination and equal opportunity requirements.
3. Advertise as an equal opportunity employer.
4. Publish an annual statement of nondiscrimination and/or include such a statement in any publicity on CDBG-DR and CDBG-MIT programs.
5. Develop a network of information points that facilitate access to groups that are

historically underrepresented, underserved, and have difficulty accessing similar programs, in addition to newspaper/public service channels.

6. Utilize information points throughout the community to advertise employment opportunities.
7. Develop or implement an affirmative action plan.
8. Develop a Section 3 compliance plan.
9. Display equal opportunity posters prominently.
10. Take affirmative action to overcome the effect of past discrimination.

4.2 Nondiscrimination, EEO, and Affirmative Action in Contracting

1. Advertise as an equal opportunity employer in bid solicitations.
2. Solicit bids from disabled, veteran-owned, and locally owned businesses.
3. Maintain a list of locally owned businesses that were awarded contracts.
4. Require a Section 3 clause in all contracts.
5. Inform contractors of equal opportunity requirements at pre-construction conferences or through other means of notification.
6. Require contractors to submit monthly utilization reports.
7. Monitor contractor compliance at the work site.

4.3 Nondiscrimination, Equal Opportunity, and Affirmative Action in Housing

1. Information concerning housing services and activities should be disseminated through agencies and organizations that routinely provide services to protected groups.
2. Contract documents used by subrecipients and lending institutions participating in local programs should be reviewed and revised if necessary to eliminate any discriminatory intent or practice.

3. Criteria for selecting the recipients of housing assistance should be evaluated for any discriminatory effect.
4. Acceptable fair housing activities.
5. Publicize that the subrecipient will assist persons experiencing discrimination in housing.
6. Development and adoption of a fair housing policy with the identification of methods of enforcement.
7. Provision of housing counseling services, which assist groups that are historically underrepresented, underserved, and have difficulty accessing similar programs, to seek housing outside areas of concentration.
8. Work with local real estate brokers to formulate a Voluntary Areawide Marketing Agreement.
9. Work with local banks to post “equal lending opportunity” advertisements.
10. Use the “equal housing opportunity” slogan and logo on city letterhead.
11. Sponsor fair housing seminars and campaigns.
12. Work with community leaders in the area to promote housing development and increase the number of groups that are historically underrepresented, underserved, and have difficulty accessing similar program participation.
13. Assist local housing developers in developing outreach programs to attract groups that are historically underrepresented, underserved, and have difficulty accessing similar programs.
14. Review zoning ordinances and comprehensive plans to ensure that they promote special de-concentration of assisted housing units.
15. Create a local housing authority.
16. Publicly advertise the city as a “fair housing city.”

17. Adopt a code enforcement ordinance that will compel landlords to keep their units in a safe and sanitary condition.

4.4 Complaints

A complaint may not always refer to the violation of a particular civil rights law or laws.

A complaint should be reviewed as a civil rights complaint when the complainant:

1. Indicates the belief that he or she has been denied opportunities, treated differently, and so forth.
2. States that his or her race, national origin, religion, color, sex, age, disability, familial status, sexual orientation, gender, gender identity, pregnancy, status as a victim of sexual harassment, status as a victim of domestic violence, veteran status, political affiliation, or genetic information was the basis of his or her discrimination.

Any person, or any specific class of persons, who believes that he or she has been subject to discrimination may file a complaint. A complaint may be filed by the complainant or a representative. A Section 3 of the HUD Act of 1968 Complaint Register is included as Exhibit 7-1. The form contains all of the necessary components of the complaint process. The information provided on this form is given voluntarily and provides the basis for HUD's investigation of the complaint to determine whether the allegations of non-compliance are valid.

Civil rights complaints must be referred directly to HUD, Office of Fair Housing and Equal Opportunity (FHEO) (1-800-669-9777). Section 3 of the HUD Act of 1968 complaints are required to be filed at the appropriate HUD FHEO Regional Office where the violation occurred within 180 days from the date of the action or omission upon which the complaint is based.

The U.S. Department of Labor handles civil rights complaints against federal contractors through its Office of Federal Contract Compliance Programs (OFCCP). The OFCCP enforces several equal employment opportunity laws that apply to federal contractors and subcontractors, including the following:

Section 503 of the Rehabilitation Act of 1973: Prohibits discrimination against qualified individuals with disabilities and requires affirmative action to ensure equal employment opportunity in all employment practices.

Vietnam Era Veterans' Readjustment Assistance Act of 1974: Prohibits discrimination against qualified covered veterans and requires affirmative action to ensure equal employment opportunity in all employment practices.

If you believe a federal contractor has violated these laws, you can file a complaint with the OFCCP. The OFCCP will investigate the complaint and, if necessary, take enforcement actions to ensure compliance with the laws.

Contract-related complaints must be referred to the regional [Office of Contract Compliance Programs, U.S. Department of Labor](#). Confidentiality is mandatory. The name(s) of complainants and the name(s) of the respondent(s) must not be disclosed to any entity other than HUD. However, LOCD-DR should be notified that a complaint has been registered. See also Chapter 1: Administration.

5. Developing and Implementing a Fair Housing Program

CDBG-DR and CDBG-MIT subrecipients must comply with the Fair Housing Act^{1,2,3} by developing and implementing a fair housing program. This involves promoting fair housing by identifying and addressing barriers to fair housing and raising awareness to promote fair housing practices. A fair housing program should include the following:

Federal Regulations:

¹ [42 U.S.C. 3608\(e\)\(5\)](#)

² [E.O. 12259\(1-202\)](#)

³ [24 CFR 570.601](#)

- **Affirmatively Furthering Fair Housing:** Subrecipients must conduct an analysis of impediments to fair housing choice and take actions to overcome these impediments.
- **Fair Housing Action Plans:** Subrecipients are required to create and implement action plans that address the fair housing issues identified in their analysis.
- **Public Participation:** Engage the community and ensure that all voices, especially those of protected classes, are heard in the planning and implementation process.

- **Monitoring and Reporting:** Regularly monitoring fair housing activities and reporting progress to HUD to ensure compliance with fair housing laws.

Each year during the Cooperative Endeavor Agreement period, subrecipients need to carry out at least one fair housing activity and keep records of it. This documentation should be ready for review when LOCD-DR conducts on-site monitoring. The records should include details such as the type of activity (e.g., community seminar, brochure distribution), the target audience (e.g., general public, real estate brokers), and the category of fair housing information provided.

For ideas on activities that promote fair housing, see Exhibit 7-2, which includes examples such as a utility bill stuffer and a fair housing flyer. Before starting any fair housing activities, it is important for subrecipients to understand the different types of discriminatory conduct as defined by federal law. A list of these regulations is available to help you identify and avoid discriminatory practices.

Compliance Language

[Chapter 45](#), enacted as part of the Civil Rights Act of 1968, aims to eliminate discrimination in housing based on race, color, religion, sex, disability, family status, or national origin. Key provisions include the following:

- **Section 3604:** No discrimination in selling, renting, or financing homes.
- **Section 3605:** No discrimination in real estate transactions.
- **Section 3606:** No discrimination in brokerage services.
- **Sections 3610 – 3614:** Explains how the law is enforced by HUD and through private actions.

NOTE: Fair Housing requirements are subject to any amendments to applicable Federal Register notices and/or HUD regulations.

6. Section 504

Compliance with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended,¹ requires that subrecipients shall operate each program or activity receiving federal financial assistance so that the program or activity, when viewed in its entirety, is readily accessible to and usable by individuals with disabilities.

Federal Regulations:

[¹ 29 U.S.C. 754](#)

Section 504 provides that “No otherwise qualified individual with disabilities in the United State shall, solely by reason of his disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.” The subrecipient is responsible for compliance with Section 504 by the developer in economic development programs.

6.1 Minimum Section 504 Requirements for All Subrecipients

In order to comply with Section 504, the following actions must be initiated:

1. **Assurance:** Each subrecipient shall submit assurance to LOCD-DR that the CDBG-DR and CDBG-MIT programs will be operated in compliance with Section 504 requirements (24 CFR 8.50(a)). This assurance obligates the subrecipient for the period during which federal financial assistance is extended. This assurance must be submitted prior to receipt of the executed contract with LOCD-DR. A sample Section 504 assurance is attached as Exhibit 7-3.
2. **Self-Evaluation:** Each subrecipient shall have completed a self-evaluation of current policies and practices with respect to communications, employment, and program/physical accessibility to determine whether, in whole or in part, they do not or may not meet the requirements of being accessible to individuals with disabilities. The self-evaluation will have been completed within six months of receipt of any grant award after July 1988.

3. **Building Designation and Status:** The self-evaluation shall designate all buildings and structures as “new” or “existing,” depending on whether the building was constructed or altered after July 1988.¹ The self-evaluation shall determine whether buildings and structures that house programs and services for the public can be approached, entered, and used by persons with disabilities. At a minimum, the following items should be addressed in the self-evaluation: Parking – Spaces, Curbs, Ramps; Routes and Pathways – Slopes, Levels, Ramps, Notices; Entrance Ways – Widths and Heights; Interiors – Door Grasp, Pressure, Pathways, Elevators; Service – Counter Heights, Notices; and Auxiliary Services – Telephones, Restrooms, Drinking Fountains.

Federal Regulations:
¹[24 CFR 8.51\(a\)](#)

4. **Policy Modifications versus Structural Changes:** Each subrecipient shall modify any policies and practices that do not meet the requirements for program accessibility. Because compliance with Section 504 does not necessarily require a subrecipient to make each of its existing facilities accessible to and usable by individuals with disabilities or require a subrecipient to take any action that it can demonstrate would result in a fundamental alteration in the nature of its program or activity or in undue financial and administrative burdens, a subrecipient may comply with the requirements of this section in its programs and activities receiving federal financial assistance through such means as the relocation of programs, assignment of aids to beneficiaries, home visits, or any other method that results in making its program or activity accessible to individuals with disabilities. A subrecipient is not required to make structural changes in existing facilities where other methods are effective in achieving compliance with this section.²

Federal Regulations:
²[24 CFR 8.21\(c\)\(2\)\(i\)](#)

5. **Visually or Hearing Impaired:** Each subrecipient must ensure that members of the population eligible to be served or likely to be affected directly by a federally assisted program, who have visual or hearing impairments, are provided with the information

necessary to understand and participate in the program. Methods for ensuring participation include, but are not limited to, qualified sign language and oral interpreters, readers, or the use of taped and Braille materials.

6. **Benefit to Those with Disabilities:** Each subrecipient must maintain data for LOCD-DR showing the extent to which individuals with disabilities are the beneficiaries of federally assisted programs.

6.2 Other Section 504 Requirements, as Applicable

If structural changes to non-housing facilities will be undertaken to achieve program accessibility (see notes below), a subrecipient shall develop a transition plan with the assistance of interested persons, including individuals with disabilities or organizations representing individuals with disabilities, for those areas which cannot be made accessible administratively.¹

Federal Regulations:

¹ [24 CFR 8.21 \(c\)\(4\)](#)

² [24 CFR 8.21\(c\)\(3\)](#)

The construction activities identified in the transition plan must have been/must be completed within three years of completion of the self-evaluation that was done within six months of the first grant award made after July 1988² (see 2, Self-Evaluation, above). The transition plan must be made available for public inspection and, at a minimum, it shall:

1. Identify all physical obstacles that limit the accessibility of programs and activities to individuals with disabilities.
2. Describe in detail the method to be used in making the facility accessible.
3. Set forth a schedule for completion of the modifications. If the schedule exceeds one year, then you must identify the actions to be taken during each year of the transition period.
4. Identify the individual responsible for implementation of the plan.

5. Identify the persons or groups with whose assistance the plan was prepared.

NOTE: Unless the grant subrecipient has recently acquired a facility that was constructed prior to 1988, which will house programs and services available to the public, and intends to make physical alterations to this facility, the three-year construction period for meeting the accessibility requirement for existing facilities under this regulation will have expired.

NOTE: New non-housing facilities (designed, constructed, or altered after July 11, 1988) shall be designed and constructed to be readily accessible to and usable by individuals with disabilities.¹

If the subrecipient employs 15 or more persons:

Federal Regulations:

[¹24 CFR 8.32](#)

1. **Designated 504 Coordinator:** A responsible employee must be designated to coordinate the community's efforts to comply with Section 504.
2. **Grievance Procedures:** The community must adopt grievance procedures that incorporate appropriate due process standards and that provide for the prompt and equitable resolution of complaints alleging any action prohibited by this part. Such procedures need not be established with respect to complaints from applicants for employment or from applicants for admission to housing covered by this part.
3. **Statement of Compliance:** The subrecipient shall publish a statement of compliance to notify participants, beneficiaries, applicants, and employees, including those with impaired vision or hearing, and unions or professional organizations holding collective bargaining or professional agreements with the subrecipient that it does not discriminate on the basis of disabilities in violation of this part. The notification shall state, where appropriate, that the subrecipient does not discriminate in admission or access to, or treatment or employment in, its federally assisted programs and activities. The notification shall also include identification of the responsible employee designated above.

4. A subrecipient shall make the initial notification required by this paragraph within 90 days of receipt of the executed contract with LOCD-DR. Methods of initial and continuing notification may include the posting of notices, publication in newspapers and magazines, placement of notices in subrecipients' publications, and the distribution of memoranda or other written communications.
5. **Records Maintenance and Disclosure:** The subrecipient must maintain a file that includes the following items, make it available for public inspection, and provide it to the responsible civil rights official upon request: (1) a list of the interested persons consulted, (2) a description of areas examined in the self-evaluation and any problems identified, and (3) a description of any modifications made and of any remedial steps taken.

In order to assist you with Section 504 compliance, a separate handbook was developed and is included as Exhibit 7-5.

The regulation requires that you must have available a telecommunications device for the deaf (TDD) or equally effective method for communicating with hearing-impaired persons. Louisiana has an approved relay service which may be utilized. To utilize the relay system, the subrecipient must have a policy indicating the use of the relay system by the subrecipient and publish the telephone numbers in the newspaper. The numbers are (1) TDD Users: 1-800-846-5277, and (2) Voice Users: 1-800-947-5277. This service is free of charge. Recently the number "711" has been approved by the Federal Communications Commission for use in contacting the relay service. This number works from both TDD and voice telephones and, while it is applicable in most states, you are still required to list the "800" numbers presented above. More information regarding relay services can be found through Louisiana Relay at <http://larab.org/>.

If you have been the recipient of prior CDBG-DR and CDBG-MIT funds; have a completed self-evaluation; and, if applicable, a transition plan, as mentioned above, the three-year period for completing the construction activities specified in a transition plan for most subrecipients has expired. For "existing" buildings and facilities that house programs and

services for the public and are not accessible, you must have adopted policies and/or modified practices to achieve accessibility. Prior subrecipients should prepare a summary of their past compliance activities. A sample summary of actions taken to achieve compliance with Section 504 can be found in Exhibit 7-4 of this manual.

NOTE: The “Summary of Actions Taken to Achieve Compliance with Section 504” (Exhibit 7-4) must contain three sections: physical accessibility, communications, and employment. Also, you must resubmit the required assurance previously disclosed to LOCD-DR.

7. Compliance with Section 3 of the HUD Act of 1968

This subsection outlines the requirements and procedures to be followed to ensure that the objectives of Section 3 of the Housing and Urban Development Act of 1968¹ (colloquially “Section 3”) are met. The purpose of Section 3 is to ensure that economic opportunities, most importantly employment, generated by certain HUD financial assistance shall be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing or are residents of the community in which the federal assistance is spent.

Federal Regulations:

¹ [12 U.S.C. 1701u](#)

Section 3 is not an entitlement program; therefore, employment and contracts are not guaranteed. Low- and very low-income persons and Section 3 business concerns 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.

This subsection addresses the requirements outlined in [24 CFR 75](#) (the “New Rule”),² and subrecipients seeking any further guidance, clarification, or context regarding any topics covered in this subsection should refer to that specific regulation. Any contracts or agreements executed, or projects for which assistance or funds were committed, prior to the New Rule effective date of November 30, 2020, are still required to adhere to all requirements

Federal Regulations:

² [24 CFR Part 75](#)

³ [24 CFR Part 135](#)

outlined in [24 CFR 135](#) (the “Old Rule”).³ For a summary of key changes from the Old Rule to the New Rule, see Exhibit 7-6.

7.1 Applicability of Section 3

A **Section 3 project** is any project that involves 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 threshold is \$100,000 when the assistance is from the Lead Hazard Control and Healthy Homes Programs.) 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. Applicability is determined at the **project level**.

Additional considerations for public housing financial assistance regarding Section 3 applicability are provided in [24 CFR 75.3](#).¹ Section 3 requirements **do not** apply to (1) materials supply contracts ([24 CFR 75.3\(b\)](#)) or (2) Indian and tribal preferences ([24 CFR 75.3\(c\)](#)).

Federal Regulations:

¹[24 CFR 75.3](#)

7.2 Overall Requirements

To the greatest extent feasible, and consistent with existing federal, state, and local laws and regulations, recipients must ensure that, within the metropolitan area (or non-metropolitan county/parish) in which the project is located, (1) *employment and training opportunities* arising in connection with Section 3 projects are provided to Section 3 workers, and (2) *contracts for work* awarded in connection with Section 3 projects are provided to business concerns that provide economic opportunities to Section 3 workers.

To help subrecipients comply with the Section 3 requirements and achieve Section 3 goals, a sample **Section 3 plan** is included as Exhibit 7-7. This plan is intended to be a tool to guide subrecipients through all of the Section 3 requirements outlined in this section. While [24 CFR 75](#) does not specifically require subrecipients to have Section 3 plans or policies in place, HUD views having them as a best practice that will aid subrecipients in complying with Section 3

requirements and achieving Section 3 goals. To this end, subrecipients are encouraged to utilize the sample plan as a template and adapt it to fit the resources within their individual communities, and to meet the respective needs of their specific programs and activities. Once their respective plan has been fully developed, it is recommended that subrecipients formally adopt the resulting Section 3 plan and maintain a signed copy within the project files.

7.2.1 Requirements for Employment and Training

Where feasible, priority for *opportunities and training* should be given in the following order to:

1. Section 3 workers residing within the service area or neighborhood of the project and employed by a Section 3 business concern, and
2. Participants in YouthBuild programs.

7.2.2 Requirements for Contracting

Where feasible, priority for *contracting opportunities* should be given in the following order to:

1. Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area or neighborhood of the project, and
2. YouthBuild programs.

7.3 Labor Hours and Worker Categorizations

One of the principal features that was rolled out as part of the Section 3 New Rule was that tracking and reporting would now be focused on labor hours rather than new hires.

This change was designed to prioritize local employment and promote employee retention.

As a result, subrecipients are expected to track and report on the total number of **labor hours worked** by (1) Section 3 workers, (2) Targeted Section 3 workers, and (3) all workers overall. (For a summary of key changes from the Old Rule to the New Rule, see Exhibit 7-6.)

A **Section 3 worker** is an individual who currently fits (or when hired within the past five years, fits) at least one of the following criteria:

1. Low- or very low-income as established by HUD’s income limits,
2. Employed by a Section 3 business concern, or
3. Is a YouthBuild participant.

A **Targeted Section 3 worker** is a Section 3 worker who meets any of the three aforementioned criteria and, *in addition*, also meets one of the two following criteria:

1. Employed by a Section 3 business concern, or
2. Currently fits (or when hired, fits) at least one of the following categories:
 - 1.1. Lives within the service area or the neighborhood of the project, or
 - 1.2. Is a YouthBuild participant.

To this end, the above definitions provide for the following Venn diagram:



7.4 Section 3 Measurement Ratios and Benchmarks

Recipients and subrecipients must attempt to reach the Section 3 benchmarks and targets as established by [24 CFR 75.23\(b\)\(3\)](#)¹ and Federal Register Notice 2020-19183:

Federal Regulations:
¹24 CFR 75.23(b)(3)

Twenty-five percent or more of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers:

$$\frac{\text{Section 3 Worker Labor Hours}}{\text{Total Labor Hours}} \geq 25\%$$

Five percent or more of the total number of labor hours worked by all workers on a Section 3 project are Targeted Section 3 workers, as defined by [24 CFR 75.21\(a\)](#):¹

$$\frac{\textit{Targeted Section 3 Worker Labor}}{\textit{Total Labor Hours}} \geq 5\%$$

In the absence of evidence to the contrary, subrecipients of covered funding will be considered in compliance with Section 3 Safe Harbor ([24 CFR 75.23](#))² if the established benchmarks regarding the above ratios are met. Subrecipients that fail to meet the minimum numerical goals outlined above must also report on the specific qualitative efforts that they have employed in pursuit of the numerical goals, which are outlined in Subsection 7.5.2 below.

Federal Regulations:
¹ [24 CFR 75.21\(a\)](#)
² [24 CFR 75.23](#)

7.5 Section 3 Reporting

7.5.1 Reporting of Labor Hours

Per [24 CFR 75.25\(a\)](#),³ for Section 3 projects, recipients must report the following in a manner prescribed by HUD:

Federal Regulations:
³ [24 CFR 75.25\(a\)](#)

- The total number of labor hours worked
- The total number of labor hours worked by Section 3 workers
- The total number of labor hours worked by Targeted Section 3 workers

Eligibility of Labor Hours Reported: Section 3 workers' and Targeted Section 3 workers' labor hours may be counted for five years from when their status as a Section 3 worker or Targeted Section 3 worker is established, pursuant to Subsection 7.6 below ([24 CFR 75.25\(a\)\(2\)](#)).

Inclusion of Hours Reported: The labor hours reported must include the total number of labor hours worked on a Section 3 project, including labor hours worked by any subrecipients, contractors, and subcontractors that the recipient is required, or elects pursuant to any considerations for professional services (see below) ([24 CFR 75.25\(a\)\(3\)](#)).

Basis of Hours Reported: Recipients may report their own labor hours or that of a subrecipient, contractor, or subcontractor based on the employer's good faith assessment of the labor hours of a full-time or part-time employee informed by the employer's existing salary or time and attendance based payroll systems, unless the project or activity is otherwise subject to requirements specifying time and attendance reporting ([24 CFR 75.25\(a\)\(5\)](#)).

Frequency of Reporting: Unless otherwise provided, reporting must be carried out annually to HUD on all projects completed within the reporting year in a manner consistent with reporting requirements for the applicable HUD program ([24 CFR 75.25\(c\)](#)). LOCD-DR requires subrecipients to report Section 3 activities on a quarterly basis along with the quarterly Disaster Recovery Grant Reporting Performance Report.

Professional Services: Professional services contracts for non-construction services that require an advanced degree or professional licensing are not required to be reported as part of total Section 3 labor hours.

However, subrecipients, contractors, and subcontractors may report labor hours from Section 3 workers and Targeted Section 3 workers (the numerators in the outcome ratios in Subsection 7.4) from professional services without including professional services in the total labor hours worked (the denominator in both of the outcome ratios in Subsection 7.4). The effect of this reporting structure is to give the recipient a bonus if they are able to report Section 3 hours in the professional services context.

It should also be noted that if a contract covers both professional services and other work and the subrecipient/contractor/subcontractor chooses not to report labor hours from professional services, the labor hours under the contract that are not from professional services must still be reported ([24 CFR 75.25\(a\)\(4\)](#)).

7.5.2 Additional Reporting Requirements/Qualitative Efforts

If the subrecipient's reporting indicates that the Section 3 benchmarks outlined in Section 7.4 above are not met, the subrecipient must report on the qualitative nature of its activities and those that its contractors and subcontractors pursued. Examples of such qualitative efforts include, but are not limited to, the following:

- **Applicant Outreach:** Engaging in outreach efforts to generate job applicants who are Targeted Section 3 workers.
- **Training and Apprenticeship:** Providing training or apprenticeship opportunities.
- **Employment Assistance:** Providing technical assistance (TA) to help Section 3 workers compete for jobs (e.g., resume assistance, coaching) or providing or connecting Section 3 workers with assistance in seeking employment, including drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.
- **Job Fairs:** Holding one or more job fairs or sponsoring a job informational meeting in the service area/neighborhood of the project.
- **Work Readiness and Retention:** Providing or referring Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, childcare).
- **Educational Assistance:** Providing assistance to apply for or attend community college, a four-year educational institution, or vocational/technical training.
- **Financial Literacy:** Assisting Section 3 workers to obtain financial literacy training and/or coaching.
- **Business Concern Outreach:** Engaging in outreach efforts to identify and secure bids from Section 3 business concerns.
- **Competition Assistance:** Providing TA to help Section 3 business concerns understand and bid on contracts.
- **Contract Sizing:** Sizing, splitting, or dividing contracts into smaller jobs to facilitate participation by Section 3 business concerns, particularly where economies of scale or efficiency of delivery are not factors ([2 CFR 200.321\(b\)\(3\)](#)).¹

Federal Regulations:

¹ [2 CFR 200.321\(b\)\(3\)](#)

- **Bidder Viability Support:** Providing bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.
- **Business Registries:** Promoting the use of business registries designed to create opportunities for disadvantaged and small businesses.
- **One-Stop Outreach:** Providing outreach, engagement, or referrals with the state One-Stop System as defined in [Section 121\(e\)\(2\) of the Workforce Innovation and Opportunity Act of 2013](#).

The above listing is not intended to be all inclusive. Subrecipients are encouraged to develop and tailor their specific qualitative efforts with the end goal of Section 3 benchmark achievement in mind, as outlined in Subsection 7.4 above. Clear, affirmative steps to achieve the established numerical goals must be taken, and documentation to adequately corroborate all efforts and attempts must be retained. **To this end, subrecipients that are unable to meet the minimum numerical goals outlined in Subsection 7.4 above must demonstrate why it was not possible to do so, and retain supporting documentation to sufficiently substantiate this determination.** Such justifications should describe the efforts that were taken; any barriers, roadblocks, or impediments encountered; and any other relevant information that will enable LOCD-DR to make the most accurate, informed compliance determination.

7.6 Record Keeping to Support Section 3 Worker Categorizations and Certifications

7.6.1 Record Keeping for Workers

Recipients must maintain documentation—or ensure that a subrecipient, contractor, or subcontractor that employs the worker maintains documentation—to ensure that workers meet the definition of a Section 3 worker or a Targeted Section 3 worker at the time of hire or the first reporting period, as follows:

Section 3 Worker: For a worker to qualify as a Section 3 worker, one of the following must be maintained:

1. **Self-Certification of Income:** A worker’s self-certification that their income is below the income limit from the prior calendar year,

2. **Self-Certification of Program Participation:** A worker's self-certification of participation in a means-tested program, such as public housing or Section 8 assisted housing,
3. **Program Management Certification of Program Participation:** Certification from a Public Housing Agency, or the owner or property manager of project-based Section 8 assisted housing, or the administrator of tenant-based Section 8 assisted housing that the worker is a participant in one of their programs,
4. **Employer Certification of Income:** An employer's certification that the worker's income from that employer is below the income limit when based on an employer's calculation of what the worker's wage rate would translate to if annualized on a full-time basis, or
5. **Employer Certification of Section 3 Business Concern Employment:** An employer's certification that the worker is employed by a Section 3 business concern.

Targeted Section 3 Worker: For a worker to qualify as a Targeted Section 3 worker, one of the following must be maintained:

1. **Employer Confirmation of Worker Residence:** An employer's confirmation that a worker's residence is within 1 mile of the work site or, if fewer than 5,000 people live within 1 mile of a work site, within a circle centered on the work site that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census,
2. **Employer Certification of Section 3 Business Concern Employment:** An employer's certification that the worker is employed by a Section 3 business concern, or
3. **Self-Certification of YouthBuild Participation:** A worker's self-certification that the worker is a YouthBuild participant.

Recipients and subrecipients may report on Section 3 workers and Targeted Section 3 workers for five years from when their certification as a Section 3 worker or Targeted Section 3 worker is established.

Subrecipients, contractors, and subcontractors have the express right to request any necessary evidence that would help substantiate an individual's claim to Section 3 status or certification. Examples of evidence to satisfy the above documentation requirements include, but are not limited to, evidence of receipt of federal housing assistance; evidence of receipt of other federal subsidies or participation in federal assistance programs; federal tax returns; or proof of residence in a neighborhood, ZIP code, census tract, or other area that has officially been identified by HUD. To help subrecipients certify Section 3 workers and Targeted Section 3 workers and provide the appropriate documentation to support the workers' Section 3 status claims, a sample **Section 3 Worker Self-Certification Form** and **Section 3 Employer Certification Form for Worker** are provided as Exhibits 7-8 and 7-9, respectively.

7.6.2 Record Keeping for Business Concerns

A **Section 3 business concern** is defined as a business concern that meets at least one of the following criteria, documented within the last six-month period:

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

Subrecipients, contractors, and subcontractors have the express right to request any necessary evidence that would help substantiate a business concern's claim to Section 3 status or certification. Examples of evidence to satisfy the above documentation requirements may include federal tax returns for workers, owners, or businesses; payroll data; employee statements of self-certification; articles of business organization, ownership, or incorporation; partnership or operating agreements; or evidence that owners or employees received housing or other federal subsidies.

To help subrecipients certify and track Section 3 business concerns seeking a preference in contracting, a sample **Section 3 Business Concern Certification Form** has been provided as Exhibit 7-10.

Section 3 standards are both race and gender neutral. A WBE and/or MBE must provide evidence that it meets at least one criterion of a Section 3 business concern as outlined above in order to receive preference under Section 3. More information regarding WBE or MBE programs can be found through HUD's Office of Small and Disadvantaged Business Utilization at https://www.hud.gov/program_offices/sdb.

The documentation outlined in this subsection must be maintained for the time period required for records retention in accordance with applicable program regulations and [2 CFR 200](#). For further guidance regarding Section 3 record keeping, including additional considerations specific to public housing agencies, see [24 CFR 75.31](#).

7.7 Contracting Requirements

7.7.1 Contract Provisions

Per [24 CFR 75.27](#), subrecipients must include language applying Section 3 requirements in any subrecipient agreement or contract for a Section 3 project. Additionally, subrecipients of Section 3 funding must also require their subrecipients, contractors, and subcontractors to meet the overall requirements as outlined in subsection 7.2 above, regardless of whether Section 3 language is included in subrecipient agreements, program regulatory agreements, or contracts.

7.7.2 Contracting and Subcontracting Strategies

The following examples are provided to help subrecipients ensure that the contracting objectives of Section 3 are met, and that the established Section 3 benchmarks are ultimately achieved. These methods and strategies can be undertaken to assist in reaching Section 3 workers and Section 3 business concerns for contracting opportunities, and when utilized effectively, can supplement some of the qualitative efforts outlined in Subsection 7.5.2 above. This list should not be considered all inclusive. For additional information regarding contracting, see Chapter 4: Procurement Methods and Contractual Requirements:

1. **Small Purchase Procurement:** The use of small purchase procedures (contract may not exceed the simplified acquisition threshold), such as soliciting quotations from a minimum of three qualified sources. At the time of solicitation, inform the parties of the Section 3 covered contract to be awarded with sufficient specificity; the time within which quotations must be submitted; and the information that must be submitted. A valid attempt to obtain at least three quotes from qualified sources must be made and documented.
2. **Section 3 Compliance History:** In determining the responsibility of potential contractors, consider their past records of Section 3 compliance and their current plans for the pending contract. (See Exhibit 7-7 for a sample Section 3 plan.)
3. **Contractors' Associations and Community Organizations:** Utilize minority contractors' associations and community organizations to assist in identifying Section 3 business concerns that may be potential bidders.
4. **Housing Development Publicity:** Advertise contracting opportunities by posting notices concerning the work to be contracted in common areas of housing developments.
5. **Formalized Notices:** Provide written notice to all known Section 3 business concerns of the contracting opportunities.
6. **Maintain Contact:** Follow up with Section 3 business concerns that have expressed interest in the contracting opportunities by personal contact to provide additional information.
7. **Pre-Bid Meetings:** Coordinate pre-bid meetings at which Section 3 business concerns could be informed of the upcoming contracting opportunities.
8. **Section 3 Workshops:** Provide workshops on contracting procedures and specific contract opportunities in a timely manner so that Section 3 business concerns can take advantage of upcoming contracting opportunities.

9. **Assisting with Barriers to Entry:** Advise Section 3 business concerns as to where they may seek assistance to overcome limitations, such as an inability to obtain bonding, lines of credit, financing, or insurance.
10. **Bidding Facilitation:** Arrange solicitations and times for the presentation of bids, quantities, specifications, and delivery schedules in ways to facilitate the participation of Section 3 business concerns.
11. **Contract Sizing:** As noted in Subsection 7.5.2 above, where appropriate, break out contract work items into economically feasible units to facilitate participation of Section 3 business concerns.
12. **YouthBuild Programs:** Contact agencies administering HUD YouthBuild programs and notify these agencies of the contracting opportunities.
13. **Advertisement/Publication:** Advertise the contracting opportunities through trade association papers and local media, such as television, newspapers, radio, and websites.
14. **Business Concern Listing:** Developing and maintaining a list of eligible Section 3 business concerns.
15. **Advance Goal Setting:** Establish concrete numerical goals (dollar amounts and the number of awards) for contracts to Section 3 business concerns.

7.8 Additional Section 3 Resources

All subrecipients are highly encouraged to ensure that contractors, residents, and businesses in their community are aware of the available tools and resources that will assist with employment and training opportunities. More information regarding Section 3 training, sample tools and brochures, and frequently asked questions for Section 3 can be found at the HUD Exchange at <https://www.hudexchange.info/programs/section-3/>.

8. Overall Record Keeping

All subrecipients are required to maintain equal opportunity records. The content of these records should include the following information:

1. **Population Data:** This includes population data by census tract or smaller geographic areas, which include prevailing population characteristics related to race, ethnic groups, sex, age, head of household, and individuals with disabilities.
2. **Employment Data:** For communities with 10 or more employees, EEO Form 4; Personnel Policies; Affirmative Action and/or Section 3 plans (if applicable); copies of any advertisements for employment; and documentation of special efforts to identify, train, involve, and/or hire minority and lower income residents.
3. **Minority Business Participation:** Documentation of efforts to solicit minority and women-owned businesses and maintain data concerning the number and dollar amount of contracts awarded to minority businesses.
4. **Section 3 Business Concern Participation:** Documentation of efforts to solicit locally owned businesses and maintain data concerning the number and dollar amount of contracts awarded to locally owned businesses.
5. **Fair Housing:** Documentation of efforts to affirmatively further fair housing; copy of the fair housing policy.
6. **Contractor Compliance:** Records of any monitoring trips to the project site and any findings; copies of contractors' monthly utilization report.
7. **Project Beneficiaries:** Records of applicants and direct and indirect beneficiaries by race, color, sex, national origin, age, and disability.
8. **Displacement and/or Relocation:** Data on race, head of household, age, and the income of persons affected.
9. **Records Management:** See Chapter 3: Records Management for full records management requirements.

9. LOCD-DR Exhibits

Exhibit	Description
Exhibit 7-1	HUD Complaint Register
Exhibit 7-2	Suggested Activities to Affirmatively Further Fair Housing
Exhibit 7-3	Sample Section 504 Assurance
Exhibit 7-4	Sample Summary of Actions Taken to Achieve Compliance with Section 504
Exhibit 7-5	LOCD-DR Section 504/ADA Technical Assistance Handbook
Exhibit 7-6	Key Changes of Section 3 New Rule
Exhibit 7-7	Sample Section 3 Plan
Exhibit 7-8	Sample Self-Certification Form for Section 3 Workers and Targeted Section 3 Workers
Exhibit 7-9	Sample Employer Certification Form for Worker
Exhibit 7-10	Sample Certification Form for Section 3 Business Concerns