

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Parts 92, 570, 572, 574, 576, 582, 583, and 585

[Doc. No. FR-4782-P-01]

RIN 2501-AC89

Participation in HUD Programs by Faith-Based Organizations; Providing for Equal Treatment of All HUD Program Participants

AGENCY: Office of the Secretary, HUD.

ACTION: Proposed rule.

SUMMARY: This proposed rule would revise those HUD regulations that impose unwarranted barriers to the participation of faith-based organizations in HUD programs and implement HUD's policy that, within the framework of constitutional church-state guidelines, faith-based organizations should be able to compete on an equal footing with other organizations for HUD funding. HUD supports the participation of faith-based organizations in its programs.

DATES: *Comments Due Date:* March 7, 2003.

ADDRESSES: Interested persons are invited to submit comments regarding this proposed rule to the Office of the Rules Docket Clerk, Office of General Counsel, Room 10276, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410-0500. Communications should refer to the above docket number and title. Facsimile (FAX) comments are not acceptable. A copy of each communication submitted will be available for inspection and copying between 7:30 a.m. and 5:30 p.m. at the above address.

FOR FURTHER INFORMATION CONTACT: Steven Wagner, Director, Center for Faith-Based and Community Initiatives, Department of Housing and Urban Development, Room 10184, 451 Seventh Street, SW., Washington, DC 20410; telephone: (202) 708-2404 (this is not a toll-free number). Hearing- or speech-impaired individuals may access this telephone number via TTY by calling the toll-free Federal Information Relay Service at 1-800-877-8339. For program specific information, contact the following offices in HUD's Office of Community Planning and Development: For the HOME Program and the HOPE for Homeownership of Single Family Homes (HOPE 3), Virginia Sardone, Director, Program Policy Division, Office of Affordable Housing Programs, (202) 708-2864; for the Community

Development Block Grants Program, Robert Duncan, Office of Block Grant Assistance (202) 708-3587; and for the remaining programs, John Garrity, Office of Special Needs Assistance Programs, (202) 708-4300. (These numbers are not toll-free numbers.) Hearing- or speech-impaired individuals may access this telephone number via TTY by calling the toll-free Federal Information Relay Service at 1-800-877-8339.

SUPPLEMENTARY INFORMATION:

I. Background

Faith-based organizations are an important part of the social services network of the United States, offering a multitude of social services to those in need. In addition to places of worship, faith-based organizations may include small nonprofit organizations created to provide one program or multiple services, as well as neighborhood groups formed to respond to a crisis or to lead community renewal. Faith-based groups everywhere, either acting alone or as partners with other service providers and government programs, serve the poor, and help to strengthen families and rebuild communities.

All too often, however, federal policy and programs have not recognized faith-based groups as resources for providing social assistance. Federal, state, and local governments have often imposed barriers to the participation of religious organizations in social service programs, including unwarranted regulatory barriers.

President Bush has directed the federal agencies, including HUD, to take steps to ensure that federal policy and programs are fully open to faith-based community groups in a manner that is consistent with the Constitution. The Administration believes that faith-based groups possess an under-appreciated ability to meet the needs of poor Americans and revitalize distressed neighborhoods. The Administration believes that there should be an equal opportunity for *all* organizations—both faith-based and nonreligious—to participate as partners in federal programs.

As part of these efforts, President Bush issued Executive Order 13198 on January 29, 2001. The Order was published in the **Federal Register** on January 31, 2001 (66 FR 8499). Executive Order 13198 created Centers for Faith-Based and Community Initiatives in five cabinet departments—HUD, Health and Human Services, Education, Labor, and Justice. The Executive Order charged the Centers to identify and eliminate regulatory, contracting, and other programmatic

obstacles to the full participation of faith-based and community organizations in the provision of social services by their Departments. This proposed rule is part of HUD's efforts to fulfill its responsibilities under the Executive Order.

II. This Proposed Rule

A. Purpose of Proposed Rule

Consistent with the President's initiative, this proposed rule would revise HUD's regulations to remove unwarranted barriers to the equal participation of faith-based organizations in HUD's programs. The objective of this proposed rule is to ensure that HUD programs are open to all qualified organizations, regardless of their religious character, and to establish clearly the proper uses to which funds may be put, and the conditions for receipt of funding.

B. HUD Program Regulations Amended by Proposed Rule

The proposed rule would amend the regulations for the following HUD programs:

1. HOME Investment Partnerships (24 CFR part 92);
2. Community Development Block Grants (CDBG) (24 CFR part 570);
3. Hope for Homeownership of Single Family Homes (HOPE 3) (24 CFR part 572);
4. Housing Opportunities for Persons with AIDS (HOPWA) (24 CFR part 574);
5. Emergency Shelter Grants (ESG) (24 CFR part 576);
6. Shelter Plus Care (24 CFR part 582);
7. Supportive Housing (24 CFR part 583); and
8. Youthbuild (24 CFR part 585).

C. Proposed Regulatory Amendments

The proposed rule would make the following specific amendments to HUD's regulations for the programs listed above.

1. Participation by Faith-Based Organizations in HUD Programs

The proposed rule would make clear that organizations are eligible to participate in HUD programs without regard to their religious character or affiliation, and organizations may not be excluded from the competition for HUD funds simply because they are religious. Specifically, religious organizations are eligible to compete for funding on the same basis, and under the same eligibility requirements, as all other nonprofit organizations. The federal government, as well as state and local governments administering funds under