

PARTICIPATION IN HUD PROGRAMS BY FAITH-BASED ORGANIZATIONS; PROVIDING
FOR EQUAL TREATMENT OF ALL HUD PROGRAM PARTICIPANTS;
FINAL RULE EFFECTIVE OCTOBER 30, 2003

- (1) Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in the Community Development Block Grant (CDBG) program. Neither the Federal government nor a State or local government receiving funds under CDBG programs shall discriminate against an organization on the basis of the organization's religious character or affiliation.
- (2) Organizations that are directly funded under the CDBG program may not engage in inherently religious activities, such as worship, religious instruction, or proselytizing, as part of the programs or services funded under this part. If an organization conducts such activities, the activities must be offered separately, in time or location, from the programs or services funded under this part, and participation must be voluntary for the beneficiaries of the HUD-funded programs or services.
- (3) A religious organization that participates in the CDBG program will retain its independence from Federal, State, and local governments, and may continue to carry out its mission, including the definition, practice, and expression of its religious beliefs, provided that it does not use direct CDBG funds to support any inherently religious activities, such as worship, religious instruction, or proselytizing. Among other things, faith-based organizations may use space in their facilities to provide CDBG-funded services without removing religious art, icons, scriptures, or other religious symbols. In addition, a CDBG-funded religious organization retains its authority over its internal governance, and may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents.
- (4) An organization that participates in the CDBG program shall not, in providing program assistance, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion or religious belief.
- (5) Community Development (CD) grants may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities. CD grants may be used for the construction or rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under this part. Where a structure is used for both eligible and inherently religious activities, CD grants may not exceed the cost of those portions of the construction or rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to CD grants in this part. Sanctuaries, chapels, or other rooms that a CDBG-funded religious congregation uses as its principal place of worship, however, are ineligible for CDBG-funded improvements. Disposition of real property after the term of the grant, or any change in use of the property during the term of the grant, is subject to government-wide regulations governing real property disposition.