

**FAIR HOUSING AND EQUAL OPPORTUNITY  
FAIR HOUSING PROGRAMS  
2013 Summary Statement and Initiatives  
(Dollars in Thousands)**

FAIR HOUSING PROGRAMS	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2011 Appropriation .....	\$72,000	\$41,946	-\$144	\$113,802 <sup>a/</sup>	\$97,861	\$49,979
2012 Appropriation/Request .....	70,847	15,212	...	86,059	80,333	71,000
2013 Request .....	<u>68,000</u>	<u>5,726</u>	...	<u>73,726</u>	<u>68,246</u>	<u>73,000</u>
Program Improvements/Offsets .....	-2,847	-9,486	...	-12,333	-12,087	+2,000

a/ Includes \$719 thousand that was transferred to the Department's Transformation Initiative account.

**1. What is this request?**

The Department requests a total of \$68 million for the Fair Housing and Equal Opportunity programs. Of these amount, \$41.1 million is requested for the Fair Housing Initiatives Program; \$24.6 million for Fair Housing Assistance program; \$500,000 for Limited English Proficiency; and \$1.8 million for the National Fair Housing Training Academy.

Though Title VIII of the Civil Rights Act of 1968 outlawed housing discrimination more than 43 years ago, housing discrimination of all types continues in communities throughout the nation. The Department's 2000 Housing Discrimination Study (HDS 2000) found that African Americans experience discrimination in about 22 percent of rental transactions and 17 percent of sales transactions, and Hispanics experience discrimination in about 26 percent of rental transactions and 20 percent of sales transactions.<sup>1</sup> The National Fair Housing Alliance, a national consortium of more than 220 private, non-profit fair housing organizations, state and local civil rights agencies, and individuals, estimates that more than 3.7 million people every year are victims of discrimination.<sup>2</sup>

Housing is critical to so many aspects of a person's life. Therefore, housing discrimination can have a compounding effect on its victims, devastating their social and financial limits. The exclusion of African Americans and other minorities from neighborhoods that offer high quality schools and access to jobs and quality services has perpetuated racial inequalities in the United States. A study on the effect of housing segregation on Latino employment found that in cities with greater segregation, employment rates were lower for Latino men, and as these cities became more segregated over a 20 year period, employment rates of Latino men decreased even further.<sup>3</sup> A study of the effect of housing segregation of African Americans in cities found strong consistent

<sup>1</sup> HUD, "Housing Discrimination Study 2000: Phase 1", 2002.

<sup>2</sup> National Fair Housing Alliance, 2008 Fair Housing Trends Report, 2008.

<sup>3</sup> Dickerson vonLockette and Jacqueline Johnson, "Latino Employment and Residential Segregation in Metropolitan Labor Markets," Du Bois Review, 7(1), 2010.

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evidence that as segregation increases, African Americans "have lower high school graduation rates, are more likely to be neither in school nor working, earn less income, and are more likely to be single mothers."<sup>4</sup>

America cannot reach its fullest potential compared to the rest of the world if segregation and discrimination prevent people from accessing good schools and good jobs.

The Fair Housing Assistance Program (FHAP), the Fair Housing Initiatives Program (FHIP), and the National Fair Housing Training Academy (NFHTA) address housing segregation and its long term consequences. They are the only funded programs in the Federal Government dedicated to assisting individuals to get justice for housing discrimination. Along with the work of HUD's Office of Fair Housing and Equal Opportunity, these programs work in concert to redress injuries to victims, prevent housing discrimination and eliminate segregation. Given the small size of these programs, in comparison to the scope of the problem, the Department works to maximize every dollar spent on fair housing. Therefore, the Department has made programmatic and budgetary changes to emphasize outcomes of cases in FHAP and the development of systemic investigations in FHIP. These cases assist a greater number of victims and because of their size, generate more notice, and result in a greater deterrent effect.

The FHAP provides support to a combination of 100 state and local government civil rights agencies for pursuing housing discrimination within their jurisdictions. FHAP is critical to assisting individuals and families who believe they have been victims of discrimination. These agencies investigate more than three-fourths of the formal housing discrimination complaints filed each year. In order to expand the effect of these cases, the Department has changed the reimbursement structure to foster public interest relief and effective conciliation of these complaints.

The FHIP supports excellent fair housing education and enforcement by private non-profit groups in more than 120 communities. These groups provide advice, technical assistance, testing, and investigation that complement the work of HUD and FHAP agencies. FHIP grantees provide valuable assistance screening out cases that would otherwise be received by HUD and FHAP agencies but do not necessarily fall within our jurisdiction or have merit; without their assistance the number of cases filed with HUD would double. FHIP agencies also improve the quality of cases filed with HUD and FHAP agencies so much that cases referred or filed by a FHIP agency are twice as likely to result in a settlement or charge as all other cases. This is due in large part to the fact that grantees help complainants, particularly in complex cases, collect the relevant evidence through investigation and testing. FHIP agencies also conduct education and outreach activities that help inform people of their rights under the Fair Housing Act, as well as educate housing industry staff about the kinds of actions that violate the Fair Housing Act.

The NFHTA further enhances fair housing work in the country. Through its one-of a-kind fair housing courses tailored to fair housing investigators, administrators, and testers, the Academy provides advanced courses as well as a 5-week certification program for fair housing investigators. This program covers such topics as Fair Housing Law and Ethics; Critical Thinking and Investigation; Interviewing Techniques; Standards for Testing Cases and Negotiation Skills for Investigators.

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<sup>4</sup> Cutler, David M. and Edward Glasser, "Are Ghettos Good or Bad?" The Quarterly Journal of Economics, August 1997.

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A 2009 assessment of NFHTA by the Center for Organizational Excellence found that progressive completion of the NFHTA curriculum "positively impact[s] the job performance of FHAP investigators in a way that benefits the organization, primarily in timeliness and quality of case completion." It also found that taking additional NFHTA courses beyond the core curriculum had a continuing positive effect on the timeliness of investigations. The support provided through the Training Academy allows these organizations to spend the resources they already have to provide better investigations and work smarter and more effectively.

HUD's direction maximizes the impact of the funding through coordination of efforts and provides cost-effective and comprehensive training to ensure a sufficient skill level in all organizations. However, the state, local, and community organizations in FHIP and FHAP tailor the emphasis of their programs to meet the needs and address issues specific to their local jurisdiction.

One example of a recent FHAP investigation highlights the unique and valuable contributions through FHIP and FHAP. The Fair Housing Center of West Michigan (FHCWM), a FHIP grantee, conducted testing in Holland, Michigan and uncovered discrimination against families with children and men. Based on this evidence, FHCWM filed a complaint with the Michigan Department of Civil Rights (MDCR), a FHAP agency. MDCR conducted an investigation and found the owners of 14 condominiums and 2 apartment buildings had engaged in several discriminatory housing practices over the past 30 years. MDCR negotiated a settlement agreement under which the owners agreed to change their practices, attend fair housing training, affirmatively market available units to families with children to overcome the impact of past discrimination, and provide \$60,000, including \$20,000 to compensate known victims. In addition, they paid \$25,000 for affirmative efforts to counteract the effects of 30 years of discrimination and \$15,000 to cover the Center's actual costs related to the case.

### **Fair Housing Initiatives Program**

For fiscal year 2013, the Department requests \$41.1 million for the Fair Housing Initiatives Program (FHIP). This provides \$27.9 million for Private Enforcement Initiative (PEI) funding; \$4.5 million for the Fair Housing Organization Initiative (FHOI); and \$8.8 million for the Education and Outreach Initiative (EOI). This request will fund investigation and outreach by more than 120 fair housing local community and national fair housing organizations in more than 40 states. In addition, funds will be used to set up 2 new fair housing enforcement organizations in underserved areas.

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<b>Fair Housing Initiatives Program</b>	<b>2011 Appropriated</b>	<b>2012 Appropriation Enacted</b>	<b>2013 Request</b>	<b>Increase/Decrease . from 2012</b>
Private Enforcement Initiative	\$26,000,000	\$30,800,000	\$27,850,000	-\$2,950,000
Education and Outreach Initiative	\$7,990,850	\$7,700,000	\$8,750,000	+\$1,050,000
Fair Housing Organization Initiative	\$8,000,000	\$4,000,000	\$4,500,000	+\$500,000
<b>Total</b>	<b>\$41,990,850</b>	<b>\$42,500,000</b>	<b>\$41,100,000</b>	<b>-\$1,400,000</b>

In recent years, increased funding for FHIP grantees has supported investigations into potentially discriminatory practices by real estate sales agents, lenders, and insurance companies. These cases not only provided large compensatory relief for the injured parties, but also resulted in changes to training and policies at the national and local level which have positively altered the operation and approach of large companies. To further expand the impact of their work, in fiscal year 2013 FHIP organizations will receive support to evaluate and address pervasive civil rights concerns that will affect entire communities or large groups of victims. As the principal FHEO partner on the ground in more than 120 communities, FHIP grantees will develop strategies and take actions to ensure that communities comply with their responsibility to go beyond non-discrimination to advance fair housing and equal opportunity and affirmatively further fair housing.

**Fair Housing Assistance Program**

The Department requests \$24.6 million for the Fair Housing Assistance Program (FHAP) in fiscal year 2013. This request will support up to 8,500 investigations. This funding level provides \$20.6 million to reimburse FHAP agencies for investigating cases; \$2.5 million in administrative costs; \$1.2 million in training funds; and \$300,000 to support the planning of the National Fair Housing Policy Conference. This request will fund more than 100 state and local government civil rights organizations combating housing discrimination in their local communities. At a time when state and local governments may have limited funding to support fair housing enforcement, the FHAP provides stability and continuing support for this work.

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<b>Fair Housing Assistance Program</b>	<b>2011 Appropriated</b>	<b>2012 Appropriation Enacted</b>	<b>2013 Request</b>	<b>Increase/Decrease from 2012</b>
Complaint Processing	\$20,252,580	\$22,880,000	\$20,600,000	-\$2,280,000
Administrative Costs	\$2,500,000	\$2,000,000	\$2,500,000	+\$500,000
Capacity Building	...	\$120,000	\$0	+\$120,000
Partnership	\$2,000,000	...	...	
Training	\$1,500,000	\$1,800,000	\$1,200,000	-\$600,000
Biennial Policy Conference	\$900,000	\$700,000	\$300,000	-\$400,000
NFHTA	\$1,500,000	[\$2,000,000]	[\$1,800,000]	[\$200,000]
<b>Total</b>	<b>\$28,652,580</b>	<b>\$29,500,000</b>	<b>\$24,600,000</b>	<b>-\$2,460,000</b>
*Funding for NFHTA is requested in 2013 as a separate line item. See page 6 for details.				

To further enhance the impact of FHAP, HUD has revised the payment criteria for FHAP agencies to encourage the resolutions which provide broad public relief.

**Limited English Proficiency Initiative (LEPI)**

For fiscal year 2013, the Department requests \$500 thousand to support its Limited English Proficiency Initiative (LEPI). This initiative funds oral interpretation and written translation services, helping HUD make its programs and activities accessible to people who are not proficient in English. The fiscal year 2013 request is \$200 thousand more than the 2012 enacted amount. LEPI is vital to ensuring that individuals who are not proficient in English are aware of their rights, able to understand the terms of leases and other housing-related documents, and able to receive important announcements that affect the health or safety of their households. In addition, the initiative educates HUD-assisted housing providers on their responsibilities under Federal law and HUD regulations to ensure that their housing programs and activities are fully accessible to all, regardless of national origin or English proficiency. Finally, this initiative saves HUD staff time, as it helps HUD more efficiently communicate with, and thereby serve, the needs of people who are not fluent in English.

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Since Congress initiated the LEPI program in fiscal year 2008 and provided funding in fiscal years 2008 through 2011, the Department has used this funding to translate vital HUD documents such as model leases; fair housing complaint forms; statements of residents' rights and responsibilities; information on how to become a first-time homeowner and how to avoid loan fraud and foreclosure; and fair housing information for disaster housing providers and survivors. While these funds have made it possible for HUD to better reach new populations, until now the appropriations have permitted document translation only. This request will fund not only translation of HUD documents, but also oral interpretation services at HUD events; oral interpretation for LEP persons seeking to access HUD services by telephone; acquisition of technology that conducts simultaneous oral translation; marketing of HUD's language access services to the populations that need them; and public education on the availability of and the right to obtain information regarding HUD-funded services in multiple languages.

Without translated documents and oral interpretation services persons with limited English proficiency would not be able to access the Department's programs in the same way as an English speaking person (s). From July 1, 2010 to June 22, 2011 approximately 28,963 unique or new visitors have visited the site to view or download translated documents.

### **National Fair Housing Training Academy**

The Department requests \$1.8 million for the National Fair Housing Training Academy (NFHTA). This is the first year funding has been requested independent of the FHAP budget. Since the Academy was established in 2004, it has been funded through FHAP and has enhanced the skills of investigators in more than 100 state and local enforcement agencies. While the Academy has transformed the capabilities of FHAP agencies, operation of the Academy through FHAP has made it difficult to develop curricula for a wider audience including FHIP participants and the real estate industry. Establishing the Academy as a separate institution will allow the Department to add additional courses to a broader housing audience, offer courses in a wider range of locations, support cross- training, and develop an effective national training strategy that ensures that those who work in fair housing nationally have access to a consistent, reliable training resource. In fiscal year 2013, the Academy will train an estimated 2,000 students. The request will fund operation of the academy, including payment for instructors and the development of new courses.

<b>National Fair Housing Training Academy</b>	<b>2011 Appropriated</b>	<b>2012 Appropriation Request</b>	<b>2013 Request</b>	<b>Increase/Decrease from 2012</b>
National Fair Housing Training Academy	[\$1,500,000]*	[\$2,000,000]*	\$1,800,000	-\$200,000
<b>Total</b>	<b>[\$1,500,000]*</b>	<b>[\$2,000,000]*</b>	<b>\$1,800,000</b>	<b>-\$200,000</b>

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### **Transformation Initiative**

In fiscal year 2013, the Department renews its request for the Transformation Initiative, which provides the Secretary the flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. Up to 0.5 percent of the funds appropriated for this account may be transferred to the Transformation Initiative Fund account for the following purposes: research, evaluations, and program metrics; program demonstrations; technical assistance and capacity building and Information Technology. Departmentwide, no more than \$120 million is estimated to be transferred to the Transformation Initiative Fund account in fiscal year 2013 although transfers could potentially total up to \$214.8 million. More details on the overall Transformation Initiative and these projects are provided in the justification for the Transformation Initiative Fund account.

In fiscal year 2013, Fair Housing Programs will accomplish the following to support the Department's Strategic Goal of Building Inclusive and Sustainable Communities Free from Discrimination:

- Continue the support and operation of 150 fair housing, legal services, and education organizations to address individual and systemic discrimination and remedy historical patterns of discrimination and segregation in their communities. FHIP will enhance and expand the impact of the work of these organizations by incentivizing systemic investigations and systemic testing.
- Establish the National Fair Housing Training Academy (NFHTA) as a separate budget item, recognizing its importance to fair housing education nationally and, by expanding its curriculum, supporting new emphases on systemic discrimination, affirmatively furthering fair housing, and emerging issues in fair housing law.
- Expand the availability and accessibility of NFHTA classes through the development of on-line and on-the-road classes.
- Continue the operation of 100 fair housing and civil rights FHAP agencies that ensure and advance fair housing in their communities.
- Continue to develop and execute a national media campaign to inform the public about fair housing rights and obligations. This campaign addresses fair housing rights in the rental market to assist people searching for new housing as a result of foreclosure. FHIP plans to produce a media campaign that raises awareness of discrimination in the rental market; effectively addresses other issues that keep people from reporting discrimination, including the belief that reporting such information is futile; and provides people with the tools to recognize discrimination and the ability to report it.

### Key Outputs with the requested resources

- Add two new private fair housing groups to expand enforcement to underserved communities and groups.

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- Investigate at least 8,500 administrative complaints of housing or lending discrimination through FHAP and another 10,000 independent FHIP investigations into allegations of rental, sales, lending, or insurance discrimination.
- Conduct 8,000 tests to detect housing discrimination based on race, national origin, disability, religion, familial status, color, or sex. This includes testing for rental discrimination, lending discrimination, and refusals to make reasonable accommodations, as well as inspections for design and construction violations.
- Educate more than one million people about their rights to housing and lending free from discrimination and what to do if those rights are violated.
- Develop a national media campaign to support national education messages about fair housing rights and the obligation to affirmatively further fair housing in the rental market that will reach an estimated 100,000,000 viewers.
- Continues to pursue relief, damages, and penalties for victims of discrimination through administrative complaints.
- Educate 2,000 fair housing investigators, educators, and public officials through the National Fair Housing Training Academy.



## Fair Housing Programs

### **2. What is this program?**

The Fair Housing Initiatives Program, Fair Housing Assistance Program, and the National Fair Housing Training Academy all play a crucial and unique role to support the Department's Strategic Goal of Building Inclusive Communities Free from Discrimination.

#### Fair Housing Initiatives Program

The Fair Housing Initiatives Program was created under Section 564 of the Housing and Community Development Act of 1987 to establish and support a network of experienced fair housing enforcement organizations throughout the country to foster compliance with the Fair Housing Act and state and local fair housing laws. This is the only grant program within the Federal Government whose primary purpose is to support private efforts to prevent and address housing discrimination.

The mission of FHIP is to eradicate discrimination in all forms from the housing market. This is accomplished through the interplay of three major components in FHIP: Private Enforcement Initiative (PEI), Education and Outreach Initiatives (EOI); and Fair Housing Organizations Initiatives (FHOI).

PEI supports high quality, effective investigations, and testing by private fair housing organizations. While HUD, states, and local agencies handle official administrative complaints of housing discrimination, FHIP grantees investigate individual allegations in a way that is different and complementary to this work. They provide on-the-spot assistance without the lengthy administrative and legal requirements of a formal legal complaint. When necessary, fair housing enforcement organizations do not hesitate to file court cases on behalf of victims of discrimination, often advancing fair housing law for the nation.

PEI also supports testing to detect and deter housing discrimination as well as to prove allegations of discrimination. FHIP grantees conduct almost all of the fair housing testing in the country and produce credible evidence of discrimination. For example, in June 2008, George and Leslie Colston contacted Fair Housing Center of Metropolitan Detroit (FHCMD), a FHIP grantee, alleging racial discrimination by employees of Chase Bank who had discouraged them from purchasing a home in a predominantly African American neighborhood in Flint, Michigan. FHCMD conducted testing that corroborated the Colstons' claim that the lender discouraged borrowers from obtaining loans for properties in African American neighborhoods. The Colstons filed a housing discrimination complaint with HUD. The Department investigated the complaint and negotiated a payment of \$24,995 to the Colstons and fair lending training for the bank's employees.

A second major initiative, FHOI, establishes new fair housing organizations in underserved areas. Without this funding, communities such as Indianapolis, Indiana and Dallas, Texas would have no local fair housing organizational presence. FHOI also enhances the capacity of existing organizations by supporting enforcement organizations to use an expert architect or economist or supporting fair housing education organizations to add enforcement staff.

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Through EOI, FHIP grantees conduct media and other education campaigns on the rights, responsibilities, remedies, and resources available under the Fair Housing Act. Each year the Department awards a national fair housing education and outreach grant through FHIP that funds more than 32,000 local education and outreach efforts, working with people in their own communities to provide information, referrals, education and training on fair housing rights. These organizations also train lenders, housing providers, real estate agents, and others on how to comply with the Fair Housing Act. Within EOI, Fair Housing Accessibility FIRST is a superb mechanism to ensure compliance with the Fair Housing Act. It educates builders, designers, architects, and planners in the Fair Housing Act's accessibility requirements for multifamily housing.

### Fair Housing Assistance Program

The FHAP, authorized under 24 U.S.C. 1301, et. seq., provides consistent and dependable funding through partnerships with state and local civil rights enforcement agencies to combat housing discrimination. After thorough HUD review and assistance, FHAP jurisdictions provide rights, remedies, and procedures that are substantially equivalent to the Fair Housing Act. By providing these services locally, FHAP agencies reduce the cost of investigating complaints of discrimination and serve as a vital community resource for housing discrimination and civil rights issues. The presence of one of our agencies in a community increases the likelihood that a victim of discrimination will file a complaint.

FHAP agencies investigate the majority (80 percent) of the administrative fair housing complaints filed in the country. They plan the investigations, interview parties and witnesses, gather and analyze evidence, facilitate resolution, and render determinations. Further, these agencies ensure compliance with settlement agreements and, where necessary, litigate complaints to address violations. FHAP agencies also conduct education on fair housing and fair lending at events throughout their communities. These agencies often serve as the principal civil rights enforcers in their communities and assist jurisdictions' efforts to affirmatively further fair housing.

### Limited English Proficiency Initiative (LEPI)

LEPI is vital to ensuring that individuals who are not proficient in English are aware of their rights, able to understand the terms of leases and other housing-related documents, and able to receive important announcements that affect the health or safety of their households. In addition, the initiative educates HUD-assisted housing providers on their responsibilities under Federal law and HUD regulations to ensure that their housing programs and activities are fully accessible to all, regardless of national origin or English proficiency. Finally, this initiative saves HUD staff time, as it helps HUD more efficiently communicate with, and thereby serve, the needs of people who are not fluent in English.

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### National Fair Housing Training Academy (NFHTA)

Established in 2004, the National Fair Housing Training Academy (NFHTA) provides fair housing and civil rights training to Federal, state, and local agencies, educators, attorneys, industry representatives, FHEO staff, and other housing industry professionals. This training conveys information needed to comply with fair housing laws and eliminate housing discrimination. With a faculty composed of some of the foremost experts in fair housing litigation, training, and research, NFHTA brings hands-on experiences to the classroom. The Academy provides investigators with a 5-week core curriculum leading to certification. Additionally, the Academy offers advanced courses in predatory lending, accessibility, executive leadership, and conciliation. This investment into the future of fair housing and the capacity of fair housing professionals will allow the FHIP and FHAP programs to operate more efficiently and produce cases with larger impacts in coming years.

### **Who do we serve?**

Discrimination cases occur in different states and local communities, therefore, FHIP program was created to assist people from various demographics and socio-economic background. The National Fair Housing Alliance, a consortium of fair housing organizations many of whom operate using FHIP funds, recently released a report, The Big Picture, which stated that in 2010, 17.4 percent of complaints investigated by private fair housing organizations alleged race discrimination; 37.4 percent alleged discrimination against a person with a disability; 9 percent alleged discrimination against people because of their national origin; and 16.6 percent alleged discrimination against a family because of children. Similarly, in 2010, 29 percent of complaints investigated by FHAP agencies alleged race discrimination against African Americans; 44 percent alleged discrimination against a person with a disability; 8 percent alleged discrimination against people because they are Hispanic or Latino; and 20 percent alleged discrimination against a family because of children.

### Staffing

<b>FTE</b>	<b>2011 Actual</b>	<b>2012 Estimate</b>	<b>2013 Estimate</b>
Headquarters .....	17	17	17
Field .....	<u>35</u>	<u>35</u>	<u>35</u>
Total .....	52	52	52

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Descriptions of work to be performed.

### HQ Responsibilities Related to FHAP

- Analyze state and local fair housing laws for substantial equivalence to the Federal Fair Housing Act, which determines eligibility for FHAP.
- Coordinate interim certification, certification, and recertification of FHAP agencies.
- Promulgate all other national guidance and technical assistance tools related to FHAP, including how FHAP funds will be spent following yearly appropriation.
- Provide training and on-going, day-to-day technical assistance to field staff on effectively monitoring FHAP agencies.
- Develop FHAP funding justifications for Congress.
- Oversee administration of the National Fair Housing Training Academy.
- Produce National Fair Housing Policy Conference every 2 years.

### Field Responsibilities Related to FHAP (overall monitoring responsibilities of FHAP agencies).

- Review all FHAP agency processed complaints for quality and timeliness to determine complaint processing reimbursement levels.
- Conduct on-site performance assessments of FHAP agencies.
- Provide on-going, day-to-day technical assistance to FHAP agencies on fair housing complaint investigations and conciliations.
- Provide regional training to FHAP agencies.
- Execute cooperative agreements with FHAP agencies.

### Key Workload Drivers

- Complaints processed by FHAP agencies needing review for quality and timeliness.
- Changes to existing substantially equivalent laws that necessitate analysis for continued substantial equivalence.
- Agencies eligible for interim certification, or due for certification or recertification.
- Appropriation, which requires guidance on how funds will be spent.
- Emerging fair housing issues in which guidance and training is needed for FHAP agencies.

### HQ Responsibility for FHIP:

- Oversee the FHIP Technical Evaluation Panel Process;
- Analyze eligibility reviews for all applicants submitting applications under the FHIP NOFA;
- Analyze and develop the numerous FHIP NOFAs and contracts using the appropriated funds under FHIP;
- Provide interpretation on FHIP NOFA, regulations and grant agreements to the Field Offices;
- Develop Grants Management objectives for the field and HQ GTRs and GTMs;
- Execute the awards for all FHIP funded organizations under the NOFAs;

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- Oversee all national grants awarded under the FHIP NOFAs ;
- Negotiate and execute amendments to existing awards;
- Monitor national recipient's compliance with all assistance terms and conditions;
- Assure all FHIP recipients account for proper use and accounting of program income;
- Assure all recipients, as required by OMB Circular A-133, submit required organizational audits, and/or requesting Federal audits;
- Assure recipients financial status and quarterly reports as submitted in a timely manner;
- Review recipients payment requests, financial, and performance reports and taking appropriate action, as necessary;
- Approve recipients budget and project revisions; and
- Suspend and terminate awards, when appropriate for all regions.

## Field Responsibilities related to FHIP (overall monitoring responsibilities of FHIP funded organizations)

- Negotiate Statement of Work (SOW);
- Identify grantees needing Indirect Cost Rate Agreements;
- Approve quarterly reports, final grant report, and grantee work products;
- Approve grantee Request for Payments;
- Assist grantees in registering in the Line of Credit Control System (LOCCS) payment system;
- Provide technical assistance to grantees on programmatic issues;
- Conduct on-site or remote monitoring of grantees to assess financial and programmatic achievements;
- Participate in grantee sponsored conferences and other activities;
- Complete interim and final performance assessments;
- Develop recommendations for grant amendments and other grant related matters for action of Grant Officer (such as extensions, budget modifications, revisions to the SOW or Payment Schedule, use of Excess Funds, and termination);
- Stay apprised of changes to OMB Circulars involving grants;
- Ensure proper record retention/disposition of all grant applications/files; and
- Provide forms HUD-718 and HUD-1044 to the CFO Program Accounting Office in Fort Worth.

## Key Workload Drivers

- Processing of fair housing complaints and conducting systemic investigations;
- Performing financial assessments of FHIP funded organizations;
- Providing education and outreach to consumers about lending discrimination;
- Appropriation, which requires guidance on how FHIP funds will be spent and compliance with approved budgets;
- Assessment of areas and the establishment of new fair housing organizations in areas with limited or no fair housing exposure; and

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- Ensuring continuity of operations for fair housing organizations for systemic investigations;

## Responsibilities Related to LEPI

- Analyze eligibility reviews for all applicants submitting applications under the FHIP NOFA;
- Analyze and develop the numerous contracts using the appropriated funds under LEPI; and
- Oversee all grants awarded under the LEPI NOFA.

## **Partners and stakeholders include:**

- State and local governments;
- Private fair housing groups;
- Civil rights organizations, including, but not limited to those representing the seven protected classes under the Fair Housing Act: race, color, religion, national origin, sex, familial status and disability;
- Housing Providers, including apartment managers and management companies and associations of apartment managers, real estate agents and brokers;
- Mortgage lenders;
- Federal Government agencies, including HHS, EEOC, and DOJ; and
- General public, including all housing consumers.

## **3. Why is this program necessary and what will we get for the funds?**

The Department's 2000 Housing Discrimination Study (HDS 2000) found that a Hispanic seeking to rent an apartment will experience differential treatment in one of every four attempts. Differences in treatment may involve being told a different price, not being told about incentives, being shown fewer units, being discouraged from renting the unit, or wrongly being told that nothing is available. African Americans experience discrimination at 21.5 percent of properties. The evidence is little better for home sales. African Americans, Hispanics, and Asian Americans experience discrimination approximately 20 percent of the time.

HDS 2000 pilot testing for discrimination against Native Americans found that Native Americans renters faced discrimination in 28.5 percent of rental transactions in selected markets.<sup>5</sup> HDS 2000 also measured discrimination against persons with certain types of disabilities, specifically those individuals with hearing impairments using TTY systems and those in wheelchairs in the Chicago area. It was found that such persons with disabilities encountered significant levels of adverse treatment.<sup>6</sup>

Housing is critical to so many aspects of a person's life. Therefore, discrimination has a devastating impact on its victims. Race-based segregation that actively excludes African Americans and other minorities from neighborhoods that offer high quality schools

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<sup>5</sup> HUD, "Housing Discrimination Study 2000: Phase 3 – Native Americans", 2003.

<sup>6</sup> HUD, "Housing Discrimination Study 2000: Discrimination Against Persons with Disabilities – Barriers at Every Step", 2005.

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and access to jobs and quality services have helped sustain racial inequalities in the United States. A study on the effect of housing segregation on Latino employment found in cities with greater segregation, employment rates were lower for Latino men, and as the cities that they lived in became more segregated over the 20-year period of the study, their employment rates decreased. <sup>7</sup>

In his book *Closed Doors, Opportunities Lost* (1995), John Yinger attempts to quantify the additional amount paid by victims of discrimination for their housing or their search for housing. He estimates that housing discrimination costs African American and Hispanic home-seekers \$4.4 billion every 3 years. This does not include other costs to these households, such as impact on education, transportation, and access to goods and services that result from living in a different neighborhood. Moreover, this does not include the cascading costs that discrimination and segregation have on those communities and on society as a whole.

Despite the persistence of discrimination, Federally funded fair housing enforcement and education have complimented and reinforced social changes, and thereby have moved the needle significantly in several key aspects. Between the 1989 HDS and the 2000 HDS, adverse treatment relative to white households declined by 12.0 percentage points for black homebuyers, by 7.1 percentage points for Hispanic homebuyers, and by 4.8 percent for black renters.

There are four complementary mechanisms by which Congressional appropriations for FHAP, FHIP, and the Fair Housing Training Academy reduce housing discrimination:

1. Detection and remedy of discrimination;
2. Deterrence of willful violators through increased severity, immediacy, or probability of penalties;
3. Education of ignorant violators about their legal responsibilities; and
4. Education of potential victims both to assert their civil rights and to seek remedies.

Funding for FHAP agencies and FHIP organizations both contribute substantially to the first two mechanisms, detection and deterrence. The Fair Housing Training Academy enhances the first two factors by increasing the capacity of local partners to improve the timeliness, consistency, and probability of detection and conciliation. Speedy and successful investigations, especially when publicized,<sup>8</sup> strengthen the deterrence of willful violations. FHIP education and outreach efforts primarily operate through the latter two mechanisms, educating landlords/agents, as well as those seeking housing.

In a secondary effect that may not be obvious, factors that increase deterrence also can serve the fourth mechanism and increase the probability of victims seeking assistance. HUD's fair housing awareness survey showed that 80 percent of respondents who had a plausible basis for a discrimination claim nevertheless took no action about the incident. These victims frequently reported that they remained silent because they thought it wasn't worth it or that no good would result. Greater certainty of success would

<sup>7</sup> Dickerson vonLockette and Jacqueline Johnson, "Latino Employment and Residential Segregation in Metropolitan Labor Markets," *Du Bois Review*, 7(1), 2010.

<sup>8</sup> Myers, Samuel L., Jr. "Final Report: The Deterrent Effects of Media Accounts and HUD Enforcement on Racial Disparities in Loan Denial Rates." 2007. [http://www.hhh.umn.edu/centers/wilkins/pdf/HUD\\_finalreport\\_march2009.pdf](http://www.hhh.umn.edu/centers/wilkins/pdf/HUD_finalreport_march2009.pdf).

## Fair Housing Programs

dramatically reduce the silent victimization. According to the authors, "Two-thirds of those who expect that filing a complaint would bring about a good outcome say they would be very likely to file one if they were discriminated against, compared to less than one-fourth of those who do not anticipate good results."<sup>9</sup>

### **4. How do we know that this program works?**

FHIP and FHAP are necessary to overcome housing discrimination in this country. As discussed above, fair housing enforcement operates through several direct and indirect mechanisms to reduce discrimination. The long-term results are seen both in reduced discrimination in HDS studies and in controlled econometric studies. Ross and Galster studied variation of enforcement activity between metropolitan areas, and concluded that "higher amounts of state and local enforcement activity supported by HUD through its FHIP and FHAP programs (especially the amount of dollars awarded by the courts) were consistently associated with greater declines in discrimination against black apartment-seekers and home-seekers."<sup>10</sup>

HUD recently published an extensive study of the Fair Housing Initiatives Program (FHIP) from its inception in 1987 through 2006. This study analyzed the types of grants awarded through the program, the outcomes of cases investigated by recipients, and any difference in outcomes of cases referred by FHIPs with those referred by others. The study found that FHIP organizations fulfill an important role by reducing the number of inquiries that HUD and FHAP agencies receive. Of those cases that FHIP organizations investigate, 43 percent are determined not to have cause and an additional 27 percent are resolved by the FHIP without a referral. Only 15 percent are referred to HUD or a FHAP. Of the FHIP generated inquiries which are referred to HUD, 90 percent of them are converted to complaints, compared with only 38 percent of inquiries brought directly to HUD by a complainant. That is, FHIP organizations likely reduced HUD's inquiry workload by nearly one-fourth. <sup>11</sup>

The study also found that FHIP organizations provide useful investigative and testing evidence to support a complaint. When a FHIP organization is involved with a case, the Department consistently reached a cause finding more quickly than it did in cases without FHIP support. This is because FHIP organizations do a significant amount of the investigative work, including testing, to make a determination for cause easier for HUD and FHAP investigators than a case brought independently by a complainant to HUD or a FHAP. FHIP organizations are also the primary source of all testing evidence used to support complaints. FHIP organizations are involved in only 10 percent of the total cases that HUD and the FHAPs investigate, but represent 85 percent of the cases with testing evidence. Finally, the study determined that FHIP organizations play an important role in bringing forth more complex complaints. FHIP organizations are involved (either as a representative or complainant) in 42 percent of the design and construction complaints, 62 percent of familial status complaints, and 55 percent of pattern and practice cases referred to the Department of Justice. These numbers are especially striking considering that FHIPs are only involved in 10 percent of the total cases investigated by HUD and the

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<sup>9</sup> HUD, "Do We Know More Now? Trends in Public Knowledge, Support and Use of Fair Housing Law." 2006.

<sup>10</sup> Ross, Stephen L., and George C. Galster. "Fair Housing Enforcement and Changes in Discrimination between 1989 and 2000: An Exploratory Study." University of Connecticut Working Paper 2005-16, 2005.

<sup>11</sup> HUD, "Study of the Fair Housing Initiatives Program," 2011



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FHAPs. The findings of this study clearly show that our FHIP partners are fundamental to HUD's ability to aggressively combat discrimination.<sup>12</sup>

FHIP organizations also play a critical role in promoting public awareness to inform people of their rights under the Fair Housing Act. The FHIP study found that the most common education and outreach activities conducted by FHIP organizations include the distribution of education and outreach materials and fair housing training for landlords, apartment managers, and real estate agents.<sup>13</sup> HUD studies on public awareness have found that the majority of the public are knowledgeable about most aspects of the Fair Housing Act, and that between 2001 and 2005 there was a significant increase in overall support of fair housing laws.<sup>14</sup>

In order to prevent waste fraud and abuse in the FHIP, the Department conducts multiple reviews throughout the life of the grant. Firstly, prior to awarding funding, the Department assembles a panel of fair housing experts to review grant applications and select the best organizations for funding. Secondly, during the grant application process, each grantee informs the Department of specific measurable outcomes it will achieve during the course of the grant, and if it receives an award, it reports to the Department quarterly on its progress on these goals. In addition, every year, for every grant, the Department conducts an on-site monitoring review of the grantee. This includes reviewing cases, financial records, and testing methodology. If the grantee has failed to comply with proper procedures and grant requirements, the Department initially provides technical assistance to correct the error, but if a problem persists, FHEO will withdraw the grant and the organization's funding. Finally, at the conclusion of the grant the Department conducts a performance assessment of the grantee. This review looks at the project management, project outcomes, financial management, and the timeliness of performance. The score given on this progress review helps determine eligibility for future FHIP grants. Any grantee with poor performance cannot receive funding from the FHIP until the regional office attests that the grantee has resolved its problems.

The Department oversees the FHAP to ensure that complainants receive a high-quality investigation, that skilled investigators are handling the case, and that the agency's administration and interpretation of the laws furthers civil rights in the community. HUD ensures high-quality investigations by reviewing every complaint investigated by FHAP agencies for timeliness and quality. Based on that review, the program reimburses FHAP agencies up to \$2,600 per complaint, based on the timeliness and quality of the investigation.

Finally, the program ensures that agencies properly document all cases and enforce laws in a way that is substantially equivalent to the Fair Housing Act. HUD conducts on-site performance assessments of FHAP agencies at least once every 2 years. During the performance assessments, HUD determines whether the FHAP agency engages in effective, timely, comprehensive, and thorough

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<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> HUD, "Do We Know More Now?: Trends in Public Knowledge, Support and Use of Fair Housing Law." 2006.

## Fair Housing Programs

fair housing complaint investigation, conciliation, and enforcement activities. These multiple checks on FHAP agencies prevent waste fraud and abuse in the Fair Housing Assistance Program.

As a result of these efforts, FHAP agencies complete their cases efficiently, continually meeting their annual targets for timely processing. In fiscal year 2010 55 percent of new cases received by FHAP agencies were closed within 100 days and 96 percent of cases opened the previous year closed last year. Those that remained open did so because of the complexity of the evidence or the legal arguments or because of adjudication. Throughout these efforts, FHAP agencies consistently obtain positive results for complainants by reaching a determination of reasonable cause to believe that discrimination has occurred in 5 percent of their cases and conciliating another 25 percent of their investigations.

The OFHEO has implemented program changes to enhance the quality of FHAP investigations. These changes will allow program dollars to go farther because better investigations will receive a higher reimbursement. In addition, the Department has increased the incentive for quality conciliation agreements with significant monetary and public interest relief. This will expand the effect of conciliation agreements negotiated by FHAP agencies because the meaningful public interest relief included will assist more people and the significant monetary compensation to victims deters others from engaging in discrimination.

The National Fair Housing Training Academy contributes substantially to the performance of FHAP investigators. A 2009 assessment of NFHTA by the Center for Organizational Excellence found that progressive completion of the NFHTA curriculum "positively impact[s] the job performance of FHAP investigators in a way that benefits the organization, primarily in timeliness and quality of case completion." The assessment also found that taking additional NFHTA course beyond the core curriculum had a continuing positive effect on the timeliness of investigations. By establishing NFHTA as an independent organization, we will be able to have the same positive effect on the operation and skill of FHIP grantees.

To better assess the effect of these programs, the Department is conducting a national housing discrimination study to produce new national estimates (comparable to Housing Discrimination Study (HDS) 2000 national estimates) of discrimination against African Americans, Hispanics, and Asians in the rental and sales markets using in-person matched-pair testing. Metropolitan estimates will also be produced for African Americans and Hispanic renters in a selected sample of large metro areas using in-person matched-pair testing. Future studies under consideration for HDS 2010/2011 will address the groups currently protected under federal, state, and local fair housing laws, as well as other forms of discrimination not previously studied in depth, including sexual orientation and gender identity discrimination, source of income discrimination, discrimination against families with children, discrimination against immigrants, persons with disabilities, and a national mortgage lending discrimination study. As in the past, the data from this testing will allow researchers to analyze the effectiveness of various fair housing enforcement measures and will be used by the Department for targeting education and enforcement initiatives and recommending potential legislative or regulatory reforms.

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**FAIR HOUSING AND EQUAL OPPORTUNITY  
FAIR HOUSING PROGRAMS  
Summary of Resources by Program  
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2011 Budget Authority</u>	<u>2010 Carryover Into 2011</u>	<u>2011 Total Resources</u>	<u>2011 Obligations</u>	<u>2012 Budget Authority/ Request</u>	<u>2011 Carryover Into 2012</u>	<u>2012 Total Resources</u>	<u>2013 Request</u>
Fair Housing Initiatives Program ..	\$41,990	\$34,359	\$76,349	\$72,697	\$42,500	\$3,648	\$46,148	\$41,100
Fair Housing Assistance Program .....	28,653	7,092	35,745	24,420	28,047	11,319	39,366	24,600
Fair Housing Limited English Proficiency Program .....	494	495	989	744	300	245	545	500
National Fair Housing Training Academy .....	...	...	...	...	...	...	...	1,800
Transformation Initiative .....	<u>719</u>	<u>...</u>	<u>719</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total .....	71,856	41,946	113,802	97,861	70,847	15,212	86,059	68,000

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### **FAIR HOUSING AND EQUAL OPPORTUNITY FAIR HOUSING PROGRAMS Appropriations Language**

The 2013 President's Budget includes proposed changes in the appropriations language listed and explained below. New language is italicized and underlined.

For contracts, grants, and other assistance, not otherwise provided for, as authorized by title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988, and section 561 of the Housing and Community Development Act of 1987, as amended, [\$70,847,000] *\$68,000,000*, to remain available until September 30, [2013] *2014*, of which [\$42,500,000] *\$41,100,000* shall be to carry out activities pursuant to such section 561: Provided, That, notwithstanding 31 U.S.C. 3302, the Secretary may assess and collect fees to cover the costs of the Fair Housing Training Academy, and may use such funds to provide such training: Provided further, That no funds made available under this heading shall be used to lobby the executive or legislative branches of the Federal Government in connection with a specific contract, grant or loan: Provided further, That, of the funds made available under this heading, [\$300,000] *\$500,000* shall be available to the Secretary of Housing and Urban Development for the creation and promotion of translated materials and other programs that support the assistance of persons with limited English proficiency in utilizing the services provided by the Department of Housing and Urban Development.