

**FAIR HOUSING AND EQUAL OPPORTUNITY  
FAIR HOUSING ASSISTANCE PROGRAM  
2005 Summary Statement and Initiatives  
(Dollars in Thousands)**

<b>FAIR HOUSING ASSISTANCE PROGRAM</b>	<b><u>Enacted/ Request</u></b>	<b><u>Carryover</u></b>	<b><u>Supplemental/ Rescission</u></b>	<b><u>Total Resources</u></b>	<b><u>Obligations</u></b>	<b><u>Outlays</u></b>
2003 Appropriation .....	\$25,649	\$4,035	-\$167	\$29,517	\$25,226	\$26,129
2004 Appropriation/Request .....	27,750	4,114 <sup>a</sup>	-164	31,700	27,450	25,839
2005 Request .....	<u>27,050</u>	<u>4,250</u>	<u>...</u>	<u>31,300</u>	<u>27,750</u>	<u>26,256</u>
Program Improvements/Offsets .....	-700	136	164	-400	300	417

a/ Carryover does not include \$177 thousand of expired funds.

**Summary Statement**

The fiscal year 2005 Budget request for the Fair Housing Assistance Program (FHAP) is \$27.050 million, a decrease of \$536 thousand from fiscal year 2004 (net of rescission). This Budget will support administrative, enforcement, and education and outreach activities of 100 FHAP agencies (an increase of one agency over fiscal year 2004) and provide enhanced data and information systems for these agencies. These activities have the effect of helping to increase the overall national homeownership rate, which concurrently supports the President's goal of increasing minority homeownership by 5.5 million by the end of the decade. The overall request includes a \$373 thousand increase in Case Processing; a \$1.250 million increase in the Fair Housing Training Academy; a \$500 thousand increase for Technical Assistance, which is new for fiscal year 2005, a \$480 thousand decrease for Capacity Building; a \$974 million decrease in Training (exclusive of the separate funding for the Training Academy); a \$184 thousand decrease in Administrative Cost; a \$.036 thousand decrease in Targeted Education and Enforcement and \$.985 decrease in Special Enforcement Efforts.

In June 2003, HUD launched a major national advertising campaign to educate the public on the rights provided under Fair Housing Act and how to report discrimination. This campaign followed the publication of several recent HUD sponsored studies regarding: (1) housing discrimination in residential sales and rental markets nationwide; (2) public awareness of fair housing laws and the response of individuals experiencing discrimination; (3) discrimination in mortgage lending; (4) the effectiveness of fair housing testing; and (5) compliance with the accessibility requirements of the Fair Housing Act. Taken together, these studies reveal that discrimination in the residential sales, and in rental and mortgage markets is a common experience. Only a very small percentage of those who believe that they have experienced discrimination take any action to redress the wrong. This is due, in part, to a lack of public awareness of the Federal, State, and local resources available to address these problems. Additionally, several people surveyed believed that little would come of any complaints against the discriminatory actions. Based upon these studies and findings, FHEO planned and initiated education and outreach initiatives that are expected to result in a significant increase in FHAP complaints. The training provided by the Fair Housing Training Academy, combined with the implementation of the FHAP performance measures, and an increase in case-processing funds, will increase effective and efficient fair housing enforcement.

The Fair Housing Act's prohibition against discriminatory housing practices has been in effect for more than 30 years. However, studies continue to show high levels of race and national origin discrimination in the rental and sales markets nationwide. Discrimination in the lending and sales markets has resulted in significant disparities between the homeownership rates of whites and minorities. Home mortgage disclosure data indicates that lenders still reject black and other minority applicants at a rate almost twice that of whites. Studies also show that builders continue to construct housing that is inaccessible to persons with disabilities. Finally, in certain parts of the United States, discrimination limits the housing choices of families with children.

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HUD's effort to assist FHAP agencies in reducing their aged caseload has focused on both providing written guidance and funds targeted for this purpose. HUD expects and will ensure that the focus on aged case reduction will not diminish the quality of the FHAP agencies' case processing activities.

**Assistance to State and Local Agencies**

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2005 Estimate
Number of State Equivalent Agencies	89	94	96	98	99	100

**Initiatives**

For fiscal year 2005, \$.5 million is requested to fund a new technical assistance initiative. Funding for this initiative will be used to develop a strategic plan for private and public organizations to improve enforcement efforts; improve education and outreach efforts thus diminishing those instances of housing discrimination that currently go unreported; and identify weaknesses in procedures that relate to complaint processing. Funds will also be used to provide oversight, training, and technical assistance to remove obstacles that might discourage collaborative efforts and to draw upon the resources, strengths and expertise of the HUD partners to promote more effective fair housing enforcement.

Fair Housing Assistance Program

FAIR HOUSING AND EQUAL OPPORTUNITY  
 FAIR HOUSING ASSISTANCE PROGRAM  
 Summary of Resources by Program  
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2003 Budget Authority</u>	<u>2002 Carryover Into 2003</u>	<u>2003 Total Resources</u>	<u>2003 Obligations</u>	<u>2004 Budget Authority/ Request</u>	<u>2003 Carryover Into 2004</u>	<u>2004 Total Resources</u>	<u>2005 Request</u>
Fair Housing Assistance Program .....	\$25,482	\$4,035	\$29,517	\$25,224	\$27,586	\$4,114	\$31,700	\$27,050
Total Fair Housing Assistance Program .	25,482	4,035	29,517	25,224	27,586	4,114	31,700	27,050
FTE								
Headquarters .....			4				5	5
Field .....			25				22	22
Total .....			29				27	27

**FAIR HOUSING AND EQUAL OPPORTUNITY  
FAIR HOUSING ASSISTANCE PROGRAM  
Program Offsets  
(Dollars in Thousands)**

<b>Fair Housing Assistance Program</b>	<b><u>Amount</u></b>
2003 Appropriation .....	\$25,482
2004 Appropriation/Request .....	27,586
2005 Request .....	<u>27,050</u>
Program Improvements/Offsets .....	-536

**Proposed Actions**

The fiscal year 2005 request of \$27,050 million will support 100 FHAP agencies and is a \$536 thousand decrease from the fiscal year 2004 level. Outlays increased by \$0.4 million as a result of higher funding levels in recent years.

Case Processing --\$16.845 million. We are requesting an increase of \$373 thousand over the fiscal year 2004 Budget of \$16.472 million. These funds will assist in ameliorating the results of the studies conducted by HUD and others that demonstrate that housing discrimination is still a significant problem. The studies further show that housing discrimination is underreported. Budgets for fiscal years 2004 and 2005 include education and outreach initiatives to address this underreporting. Beginning in 2003, HUD initiated a major national education campaign that is expected to result in an increased volume of complaints in fiscal year 2004 and 2005.

The performance and accountability of the FHAP agencies is of principal interest to the Department. This budget seeks to ensure that agencies take measures to enhance the quality and timeliness of their case processing. FHAP agencies made significant progress in fiscal year 2003, reducing the aged caseload from 45 percent at the close of fiscal year 2002 to 43 percent at the end of fiscal year 2003. Despite an expected increase in complaints, it is projected that the aged caseload will decline to 31 percent in 2005. To accomplish this, the Department will implement a quality assurance protocol to evaluate complainants' and respondents' satisfaction with an agency's case processing; send FHAP agency staff to the new Fair Housing Training Academy; and enhance FHAP agencies' technology.

In fiscal year 2005, the maximum case processing amount will be \$2,400. This amount represents an increase of \$100 per case from the 2004 budget. The amount each agency is reimbursed per case has not increased since 1998, though in that time, the cost of processing cases has risen 22 percent. The overall budget for case processing reflects an increase in the maximum reimbursement amount to \$100 per case, for a total increase of \$373,000 over the fiscal years 2004 level.

This Budget is base on an estimated 8,040 FHAP processed complaints. The FHAP agencies will receive varying amounts per complaint as payment depending upon the agency's performance and the size and complexity of the case up to a maximum amount of \$2,400 per case. Based on previous performance, it is estimated that approximately 50 percent of the complaints received will be eligible for reimbursement in some amount less than the maximum.

## Fair Housing Assistance Program

Capacity Building Funding--\$1.2 million. We are requesting \$1.2 million in fiscal year 2005 budget for capacity building, which is \$480 thousand below the fiscal year 2004 budget of \$1.680 million. Agencies that have recently begun to enforce their substantially equivalent laws use this funding to improve their complaint processing. The amount provided to agencies for capacity building has remained the same for over 5 years. This budget increases the amount new agencies receive for capacity building from \$115,000 to \$120,000. Approximately ten agencies will receive this funding to develop and enhance comprehensive complaints processing resources, train staff, and develop protocols for the efficient and effective implementation of the jurisdiction's fair housing ordinance. Because more agencies are graduating from capacity building than are entering, the number of agencies receiving capacity building funds has decreased since 2004. For this reason, our request for capacity building funds has been reduced by \$480,000 from fiscal year 2004.

Fair Housing Training Academy--\$2.250 million. The Fair Housing Training Academy (FHTA) was first funded in fiscal year 2004. Because this program is critical to the success and advancement of the Fair Housing Assistance Program, FHEO requests continued funding with a modest increase of \$1.250 million. The FHTA will serve all FHAP agencies and will provide continuing professional fair housing training and certification for current and future FHAP staff, to ensure consistency in case processing and quality performance. The curriculum will cover training needed to ensure quality and timely investigations of fair housing complaints including case processing, conciliation skills, compliance monitoring, and testing.

The face of housing discrimination is changing; HUD's methods for detecting and fighting it must change as well. HDS 2000 shows that acts of housing discrimination are frighteningly common, but many of these incidents are not easily detectable without testing. Two recent studies looked at the need for more testing. "National Report Card on Discrimination in America" demonstrated the effectiveness of enforcement testing, and "All Other Things Being Equal" developed a methodology for conducting pre-application mortgage tests. However, both studies highlight the need for training for testing to be effective. It is therefore, critical that the Academy train professionals in our State and local fair housing enforcement agencies to conduct testing and use it effectively.

Training --\$2.880 million. We are requesting a decrease of \$.974 million from fiscal year 2004 budget of \$4.854 million. The fiscal year 2004 budget for training included \$1 million for the Fair Housing Training Academy. In fiscal year 2005, funding for the Fair Housing Training Academy has been identified as a separate line item. Agencies that have participated in FHAP for more than 3 years (an estimated 92 agencies) are eligible for training funds for HUD-sponsored or HUD-approved training. During fiscal year 2005, funds will be allocated to State and local agencies for training and education and outreach activities. The courses at the Fair Housing Training Academy were selected to meet the needs of all fair housing professions in our state and local agencies. These agencies will be required to pay a modest fee for these courses and be certified by the Academy. Each of FHEO's ten regional offices will receive approximately \$75,000 to supplement the training needs of FHAP agencies (\$750,000) on the regional level.

Our national policy conference will be held in fiscal year 2004, so no funds will be needed for the conference in fiscal year 2005.

Administrative Cost--\$1.575 million. We are requesting a decrease of \$184 thousand from the fiscal year 2004 budget of \$1.759 million. In fiscal year 2005, the Department will allocate administrative costs to agencies based on the number of complaints correctly processed in fiscal year 2004. If an agency does not meet the standards set out in 24 CFR 115 for allocation by formula, a flat rate of \$15,000 (no increase from fiscal year 2004) will be provided for administrative costs.

The budget is calculated based upon a projection of 52 agencies receiving the flat rate of \$15,000 for a total of \$780,000 and 48 agencies receiving various amounts using the formula totaling approximately \$795,000.

Targeted Education and Enforcement Follow-Up on HDS 2000--\$1.800 million. We are requesting a decrease of \$.036 thousand from the fiscal year 2004 budget of \$1.836 million. We are requesting \$1.800 million for the development and implementation of special initiatives that would enable specific FHAP agencies to target enforcement and education to combat discriminatory activities identified in HDS 2000. At least six metropolitan areas will be chosen, and the Department will work with FHAP agencies in those areas to develop strategies for addressing the discrimination. Each FHAP agency will be assigned approximately \$300,000 to participate in the special initiative.

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The recent housing discrimination studies conducted by HUD provide great insight into housing discrimination in this country. By fiscal year 2005, we will have the results of other studies on discrimination against African Americans, Hispanics, Asians, Pacific Islanders, American Indians, and persons with disabilities. In addition to providing national estimates, these studies break the results down into metropolitan areas, so that we can see where housing discrimination is particularly acute and requires follow up. In fiscal year 2004, we requested \$2 million in order to address the findings of discrimination against Hispanics. Because we can use the knowledge and the systems developed in the first year, HUD is reducing its request by \$200,000 for the HDS 2000 follow up campaign.

Technical Assistance --\$.5 million. This is a new initiative in fiscal year 2005, funds will be used to develop a strategic plan for private and public organizations to improve enforcement efforts; improve education and outreach efforts thus diminishing those instances of housing discrimination that currently go unreported: and identify weaknesses in procedures that relate to complaint processing. Funds will also be used to provide oversight, training, and technical assistance to remove obstacles that might discourage collaborative efforts and to draw upon the resources, strengths and expertise of the HUD partners to promote more effective fair housing enforcement.

This technical assistance set-aside will provide a vehicle for coordinated education and outreach at the national, state and local levels and allow FHEO to identify and address issues within underserved populations. In the study "How Much Do We Know," a HUD study of public awareness of fair housing laws, over 40 percent of people were not aware of the prohibitions within fair housing laws. Private and Public organizations have a mandate to assist HUD in informing the public about their rights and responsibilities under the Fair Housing Act and substantially equivalent fair housing laws.

Fair Housing Assistance Program

**FAIR HOUSING AND EQUAL OPPORTUNITY  
FAIR HOUSING ASSISTANCE PROGRAM  
Performance Measurement Table**

Program Name: FAIR HOUSING ASSISTANCE PROGRAM					
Program Mission: To enforce the Fair Housing Act and other civil rights laws by taking proactive steps to identify and combat discrimination in both its most obvious and more subtle forms, and to ensure the right of equal housing opportunity and free and fair housing choice regardless of race, color, religion, sex, national origin, disability, or family compositions.					
Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2003 Plan	2003 Actual	2004 Enacted	2005 Plan
The percentage of fair housing complaints aged over 100 days will decrease by 2 percentage points from the fiscal year 2004 level of the FHAP inventory.	TEAPOTS	35	43	39	31
FHAP grantees increased access to sale and rental housing by completing at least 2,150 Fair Housing conciliation/settlement agreements in fiscal year 2005.	TEAPOTS	2,044	1,876	2,150	2,150
The number of enforcement agencies rated as substantially equivalent under the Fair Housing Act increases by 1 percent to 100 agencies.	MANUAL	98	98	99	100

NOTE: Title VIII Automated Paperless Office and Tracking System (TEAPOTS).

**Explanation of Indicators**

The \$27.050 million proposed in this Budget will support the administrative enforcement and the education and outreach activities of 100 FHAP agencies (which includes an increase of one agency over fiscal year 2004), and provide enhanced data and information systems for these agencies.

This funding will continue the fight to eradicate discrimination in housing and will have the concurrent effect of increasing the overall national homeownership rate and supporting the President's Management Agenda goal of adding 5.5 million new minority homeowners by the end of the decade.

## Fair Housing Assistance Program

A principal concern of the Department is the performance of the FHAP agencies. This Budget, by providing additional funding, seeks to ensure that the agencies take measures to improve the quality and timeliness of their case processing. The FHAP agencies made significant progress in fiscal year 2002 reducing the aged caseload from 45 percent in fiscal year 2002 to 43 percent at the end of fiscal year 2003. Despite an expected significant increase in caseload, it is projected that the aged caseload will decline to 31 percent in 2005. To accomplish this, the Department will require FHAP agencies to: develop a quality assurance protocol to evaluate the level of satisfaction of complainants and respondents with the agency's processing of their cases; have staff attend the newly proposed Fair Housing Training Academy; and enhance their technology to better monitor and process cases.

### OBJECTIVE EM4: ENSURE PROGRAM COMPLIANCE

Program directors in the Field and Headquarters will conduct performance monitoring of FHAP grantees, provide technical assistance and review all reports for completeness and accuracy. To the extent there are significant issues, concerns, or findings identified during monitoring or technical assistance, corrective action(s) for the grantees will be developed and the grantee's participation will be required.

### OBJECTIVE FH.1: RESOLVE DISCRIMINATION COMPLAINTS ON A TIMELY BASIS

- Increase in funding to FHAP agencies for Case Processing

FHAP agencies will process 2,150 fair housing conciliation/settlement agreements.

- FHEO is requesting an increase in funding for FHAP case processing (total requested is \$16,845), in part, to respond to the increased number of complaints expected in fiscal year 2005. This increase will include an increase in the per case reimbursement amount for FHAP case processing. This increase will help FHAP agencies cover the costs incurred in conciliating cases.
- One additional FHAP agency will result in an increased number of conciliation/settlement agreements.
- FHEO is requesting \$2,250 million for the Fair Housing Training Academy to maintain and further develop the Fair Housing Training Academy to ensure consistency in investigating and processing fair housing complaints. The Academy is critical to the success of the organization's enforcement efforts. It gives the Department the ability to effectively relay new enforcement strategies to our State and local partners in order to combat the shifting patterns of housing discrimination.
- FHEO requests \$1.2 million for capacity building to provide funding to agencies to develop and enhance case processing resources.

In fiscal year 2005, the percentage of fair housing complaints aged over 100 days will decrease by 2 percentage points from the fiscal year 2004 level.

- Continue the Fair Housing Training Academy. Academy courses will include instruction on case processing.
- Increase the average per case payment amount to FHAP agencies to develop and implement more efficient case processing procedures and enable them to respond to the increased number of complaints expected in fiscal year 2005.
- Administrative Costs. A formula-based allocation that encourages timely, efficient, and accurate FHAP case processing.



Fair Housing Assistance Program

- HUD is developing performance measures for FHAP agencies; HUD has emphasized timeliness and quality. HUD will not reimburse a FHAP agency for cases that do not meet HUD's "criteria for processing." These performance standards assess whether investigations commence in a timely manner, whether the investigations are thorough, and whether the findings are appropriate, based on the evidence.
- FHAP started fiscal year 2000 with 62 percent of its complaints aged. By the end of fiscal year 2003, FHAP had reduced that aged compliant inventory to 43 percent and will have a target of 31% in FY 2005.

The number of enforcement agencies rated as substantially equivalent under the Fair Housing Act increases by one to total 100 agencies.

- HUD assists FHAP agencies in drafting substantially equivalent laws.
- HUD meets with agencies to provide technical assistance to help them meet interim certification requirements and to increase agency capacity.
- HUD invites non-certified State and local governments to biennial Policy Conferences to obtain training and technical assistance.

**FAIR HOUSING AND EQUAL OPPORTUNITY  
FAIR HOUSING ASSISTANCE PROGRAM  
Justification of Proposed Changes in Appropriations Language**

The 2005 President's Budget includes proposed changes in the appropriations language listed and explained below. New language is italicized and underlined, and language proposed for deletions is bracketed.

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, [\$48,000,000] \$47,700,000, to remain available until September 30, [2005] 2006, of which [\$20,250,000] \$20,650,000 shall be to carry out activities pursuant to such section 561: Provided, 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. (Division G, H.R. 2673, Consolidated Appropriations Bill, fiscal year 2004.)

**Explanation of Changes**

No new policy changes are proposed.

Fair Housing Assistance Program

FAIR HOUSING AND EQUAL OPPORTUNITY  
 FAIR HOUSING ASSISTANCE PROGRAM  
 Crosswalk of 2003 Availability  
 (Dollars in Thousands)

<u>Budget Authority</u>	<u>2003 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2003 Resources</u>
Fair Housing Assistance Program .....	<u>\$25,649</u>	<u>-\$167</u>	<u>...</u>	<u>...</u>	<u>\$4,035</u>	<u>\$29,517</u>
Total .....	25,649	-167	...	...	4,035	29,517

Fair Housing Assistance Program

FAIR HOUSING AND EQUAL OPPORTUNITY  
 FAIR HOUSING ASSISTANCE PROGRAM  
 Crosswalk of 2004 Changes  
 (Dollars in Thousands)

<u>Budget Authority</u>	<u>2004 President's Budget Request</u>	<u>Congressional Appropriations Action on 2004 Request</u>	<u>2004 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2004 Resources</u>
Fair Housing Assistance Program .....	<u>\$29,750</u>	<u>\$27,750</u>	<u>-\$164</u>	<u>...</u>	<u>\$4,114</u>	<u>\$31,700</u>
Total Changes .....	29,750	27,750	-164	...	4,114	31,700