

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

FAIR HOUSING INITIATIVES PROGRAM	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2003 Appropriation	\$20,250	\$19,604 ^a	-\$132	\$39,722	\$21,018	\$23,950
2004 Appropriation/Request	20,250	18,624 ^b	-119	38,755	20,650	22,656
2005 Request	<u>20,650</u>	<u>18,105</u>	<u>...</u>	<u>38,755</u>	<u>20,650</u>	<u>20,200</u>
Program Improvements/Offsets	400	-519	119	-2,456

a/ Carryover includes \$1.052 million in recaptures.

b/ Carryover does not include \$80 thousand of expired funds.

Summary Statement

The overall fiscal year 2005 Budget request for the Fair Housing Initiatives Program (FHIP) is \$20.650 million, a \$0.519 million or 2 percent increase over the fiscal year 2004 enacted level of \$20.131 million. This overall request includes a \$.669 million increase in the Education and Outreach Initiative; a \$.850 million increase in the Private Enforcement Initiative and a \$1 million decrease in the Fair Housing Organization Initiative reflecting the priority of general enforcement and education efforts.

Funding for FHIP is critical to helping the Department achieve its Strategic Goals and Objectives in the areas of: (1) Ensuring equal opportunity in housing; (2) Increasing national and minority homeownership opportunities; and (3) Helping to reduce the homeless population.

Currently, three program areas (statute terms them initiatives) are funded under the FHIP authorizing statute: (1) Education and Outreach, (2) Private Enforcement, and (3) Fair Housing Organizations. Since fiscal year 1996, HUD has not sought funding for the fourth program area, Administrative Enforcement, because this category provided funding to substantially equivalent State and local agencies. Those agencies now receive their funding under the Fair Housing Assistance Program (FHAP).

All FHIP-funded projects are required to address discrimination under each of the categories in the Fair Housing Act (race, color, religion, sex, familial status, national origin, and disability). However, applicants for FHIP funding in fiscal year 2005 will be advised to also emphasize the other program priorities of the fiscal year 2005 Budget cycle.

In January 2004, HUD awarded \$17.6 million in fair housing grants to continue the fight against housing bias. HUD received applications from 215 groups seeking grants for the fiscal year 2003 assistance. Grants were awarded to 121 projects in 96 cities. Since the program's inception in 1989, nearly \$226 million has been awarded to some 1,070 organizations. Twenty-eight organizations selected for 2003 awards were first-time applicants.

In June 2003, HUD launched a major national advertising campaign to educate the public on the rights provided under the 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 response

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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.

Initiatives

In fiscal year 2005, there are no new initiatives.

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FAIR HOUSING AND EQUAL OPPORTUNITY
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 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>
Competitive Grants	\$20,118	\$19,604	\$39,722	\$28,150	\$20,131	\$18,624	\$38,755	\$20,650
Total Fair Housing Initiatives Program	20,118	19,604	39,722	28,150	20,131	18,624	38,755	20,650
FTE								
Headquarters			12				9	10
Field			<u>24</u>				<u>21</u>	<u>21</u>
Total			36				30	31

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

Competitive Grants	<u>Amount</u>
2003 Appropriation	\$20,118
2004 Appropriation/Request	20,131
2005 Request	<u>20,650</u>
Program Improvements/Offsets	519

Proposed Actions

The overall FHIP budget seeks an increase of \$.0519 million over the fiscal year 2004 enacted level of \$20.131 million. Outlays decrease by \$2.5 million due to decrease in funding levels in previous fiscal years.

Currently, three program initiatives are funded under the FHIP authorizing statute: (1) Education and Outreach, (2) Private Enforcement, and (3) Fair Housing Organizations. Since fiscal year 1996, HUD has not sought funding for the fourth initiative, Administrative Enforcement because this category provided funding to substantially equivalent State and local agencies. Those agencies now receive their funding under the Fair Housing Assistance Program (FHAP).

All FHIP-funded projects are required to address discrimination under each of the categories in the Fair Housing Act (race, color, religion, sex, familial status, national origin, and disability). However, applicants for FHIP funding in fiscal year 2005 will be advised to also emphasize the other program priorities of the fiscal year 2005 budget cycle.

Education and Outreach Initiative (EOI) --\$6.55 million. The Budget requests \$6.55 million for this initiative. EOI provides funding for projects that educate the public on their fair housing rights, responsibilities, and remedies with an emphasis on, assisting persons with disabilities, increasing public awareness, and developing grassroots community and faith-based fair housing partnerships. The additional funding will increase the number of general education awards and sustain or augment successful programs. Recent studies reveal a significant underreporting of housing discrimination. This underreporting is due, in part, to a lack of awareness of housing discrimination laws, ignorance of the available avenues to seek a remedy for discrimination, and doubt about the Government's ability to provide redress. Education is critical to correcting misinformation and establishing the public's faith in fair housing enforcement agencies.

This funding will specifically allow for more general awards and will also fund specific initiatives involving: Hispanic, Asian, Pacific Islander and Native American components, General Disability, Fair Housing Accessibility FIRST, Minority Serving Institutions and law schools at Historically Black Colleges and Universities.

The Department is requesting \$1 million for the first year of a new 3-year contract to continue the Fair Housing Accessibility FIRST education and outreach training to builders, architects and others. The program was developed in response to a fiscal year 2000 directive from the House and Senate Subcommittees on Appropriations to provide training and technical guidance on how to design and construct accessible multifamily housing in compliance with the Fair Housing Act. These requirements affect approximately 300,000 to 400,000 units (private and assisted) built annually.

Bringing about industry wide acceptance of accessibility as the way to design housing will depend, to a significant degree, on easy access to consistently accurate and helpful information and guidance on compliance until it becomes routine. HUD believes an extension of the current program for at least an additional 1 to 3 years will be necessary to achieve this goal.

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Private Enforcement Initiative (PEI) --\$13 million. The fiscal year 2005 Budget requests \$13 million for PEI. This Initiative provides funding to private, tax-exempt organizations that have engaged in enforcement-related activity for at least 1 year in the 2 years preceding the filing of the FHIP application. PEI funds are used for enforcement activities, including testing and investigations.

Studies conducted by HUD and others demonstrate that housing and lending discrimination on the basis of race, disability, national origin, and familial status are still significant problems. In the HDS 2000 studies, African Americans, Hispanics, Asians and Native Americans encountered discrimination in at least one in every five housing transactions. Additional studies also show that lending discrimination against African Americans and Hispanics continues to exist in unacceptable proportions. "A National Report Card on Discrimination in America" provides a viable suggestion for combating these acts, concluding that any meaningful reduction in housing discrimination would require testing. In order to be effective, testing must be used in conjunction with enforcement. Together these activities can bring justice to victims of discrimination and deter housing providers and financiers from discriminating. The increase of \$.850 million in PEI will fund more awards to conduct fair housing testing and enforcement.

Fair Housing Organizations Initiative (FHOI) --\$1.1 million. The purpose of FHOI is to establish new fair housing enforcement agencies in unserved and underserved areas including the "Colonias" or expand the capacity of existing organizations. FHIP-funded fair housing organizations with grants targeted to these areas would provide information on the Fair Housing Act and substantially equivalent laws and would respond to allegations of discriminatory practices. We have requested a decrease of \$1 million from the fiscal year 2004 enacted level for FHOI in order to give priority to and strengthen general enforcement and education projects.

Reallocation of Funds. Once all funding has been awarded through the competitive NOFA process to all sufficiently qualified applicants in an Initiative, if any funds remain these may be competed under other Initiatives under the Fair Housing Initiative Program.

Background

The Housing and Community Development Act of 1987 established the Fair Housing Initiatives Program for the purpose of preventing and overcoming housing discrimination. This program provides a coordinated approach to further the purposes of the Fair Housing Act, to guarantee the rights of all people to seek housing in an open market free of discrimination, and to inform the public and the housing industry of its rights and obligations under the Fair Housing Act. FHIP also enhances and facilitates the delivery of the Department's housing and community development programs, such as HOME and Community Development Block Grants, by providing a free and open housing market.

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

Program Name: Fair Housing Initiatives 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
Ensure 100 percent program compliance among FHIP grantees.	TEAPOTS	152	152	195	200
At least one new fair housing group is funded by FHIP through collaborative efforts between fair housing and community or faith-based organizations.	MANUAL	2	2	2	1
The number of fair housing complaints identified by FHIP partners in the southwest border region increases by 2 percentage points from fiscal year 2004 level.	TEAPOTS	5%	...	5%	2%

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

Explanation of Indicators

Funding for FHIP is critical to achieving the Department's Strategic Goal FH: Ensure Equal Opportunity in Housing and addressing the findings of recent HUD funded studies which closely examined the following: (1) housing discrimination in the residential sales and rental markets nationwide; (2) public awareness of fair housing laws and how individuals respond to the experience of discrimination; (3) discrimination in mortgage lending; (4) the effectiveness of fair housing testing; and (5) compliance with accessibility requirements of the Fair Housing Act. Taken together, these studies reveal that discrimination in the residential housing and mortgage markets is a common experience and a very small percentage of those who experience it take any action against it. This is due, in part, to a lack of awareness of what Federal, State, and local resources are available to address these problems couple with a belief that Government agencies are not adequately equipped to address these issues.

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Strategies

OBJECTIVE EM4: ENSURE PROGRAM COMPLIANCE

Program directors in the field and headquarters will conduct performance monitoring of FHIP 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.2: PROMOTE PUBLIC AWARENESS OF FAIR HOUSING LAWS

At least one new fair housing group is funded by FHIP through collaborative efforts between fair housing and community or faith-based organizations.

- HUD will fund one additional FHIP organization in fiscal year 2005 in an unserved or underserved community
- Education Campaign in six cities targeted at Hispanic Americans
- Public awareness and media campaign
- Combat predatory lending
- Promote the development of Grassroots and community and faith-based/fair housing partnerships

The number of fair housing complaints identified by FHIP partners in the Southwest border region increases by 2 percentage points from fiscal year 2004 level.

- Establish new fair housing organizations in targeted areas eligible for funding in areas addressed by HDS 2000
- Increase number of FHIP awards
- Expand Grassroots and community and faith-based/fair housing partnerships
- With the establishment of a new FHIP organization in the Colonias region, increased education and outreach activities will be implemented in the Southwest border region
- HUD will increase education and outreach efforts in Hispanic and other minority communities where groups are especially vulnerable to housing discrimination
- Emphasis will be placed on working with grassroots and faith-based organizations that have strong ties to groups identified by HDS 2000 as being most vulnerable to housing discrimination

**FAIR HOUSING AND EQUAL OPPORTUNITY
FAIR HOUSING INITIATIVES 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 deletion 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.

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FAIR HOUSING AND EQUAL OPPORTUNITY
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 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>
Competitive Grants	\$20,250	-\$132	\$19,604 ^a	\$39,722
Total	20,250	-132	19,604	39,722

a/ Carryover includes \$1.052 million in recaptures.

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 Crosswalk of 2004 Changes
 (Dollars in Thousands)

	2004 President's Budget <u>Request</u>	Congressional Appropriations Action on 2004 <u>Request</u>	2004 Supplemental/ Rescission	<u>Reprogrammings</u>	<u>Carryover</u>	Total 2004 <u>Resources</u>
Competitive Grants	<u>\$20,250</u>	<u>\$20,250</u>	<u>-\$119</u>	<u>...</u>	<u>\$18,624</u>	<u>\$38,755</u>
Total Changes	20,250	20,250	-119	...	18,624	38,755