

**FAIR HOUSING AND EQUAL OPPORTUNITY
FAIR HOUSING INITIATIVES PROGRAM
2006 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>
2004 Appropriation	\$20,250	\$20,118 ^a	-\$119	\$40,249	\$38,876	\$21,876
2005 Appropriation	20,000	1,270 ^b	-160	21,110	20,750	22,080
2006 Request	<u>16,100</u>	<u>360</u>	<u>...</u>	<u>16,460</u>	<u>16,460</u>	<u>20,640</u>
Program Improvements/Offsets	-3,900	-910	+160	-4,650	-4,290	-1,440

a/ Carryover includes \$1.494 million in recaptures.

b/ Does not reflect \$103 thousand in expired funds.

Summary Statement

The overall fiscal year 2006 Budget request for the Fair Housing Initiatives Program (FHIP) is \$16.1 million; a decrease of \$3.74 million from fiscal year 2005 (net of rescission). The funding reduction is a result of the need to provide necessary funding for the Section 8 Program.

The major features of this budget are a \$1.5 million decrease in funding for the Private Enforcement Initiative (PEI), for a total level of \$11.5 million (this includes funds for the second year of the Performance-Based Funding Component for high-performing organizations); a \$740 thousand decrease in Education and Outreach Initiative (EOI), to \$4.2 million for fiscal year 2006; and a \$400 thousand reduction in funds for Fair Housing Accessibility FIRST (FIRST) to \$400 thousand. In fiscal year 2006, the Department will not fund any new agencies under the Fair Housing Organizations Initiative (FHOI), and as such, has not requested any funds for this initiative this reflects a decrease of \$1.1 million.

FHIP funds support the efforts of private non-profit organizations that educate the public on their fair housing rights and conduct private enforcement of the Fair Housing Act.

PEI grantees investigate reports of discrimination, develop evidence on behalf of victims, and pursue complaints with government agencies and in the courts. Most significantly, PEI grantees are the nation's experts in "testing." Since housing discrimination is rarely overt, PEI grantees investigate complaints of discrimination by sending trained "testers" to inquire about housing availability and record their experiences. Testers are matched by their qualifications and differ only with respect to their race, sex, or other characteristics that are the basis of alleged discrimination.

FHIP organizations create greater awareness of housing discrimination through the publicity generated by their enforcement efforts and the education they conduct with EOI grants. Investments over several years in EOI grants also reflect the priority of fair housing education efforts, which impact all other FHEO activities.

This budget also includes funds that will allow FHIP organizations to participate in the National Fair Housing Training Academy. The Academy, which will be funded again under the Fair Housing Assistance Program (FHAP) fiscal year 2006 budget, will also archive products of FHIP grants (i.e., training materials, Public Service Announcements, posters and brochures, etc.).

Fair Housing Initiatives Program

FHIP funding helps the Department achieve its strategic goals and objectives: (1) to ensure equal opportunity in housing; (2) to increase minority homeownership opportunities; and (3) to promote the participation of faith-based and community organizations.

Specifically, FHIP funding is directed toward addressing HUD's findings that:

- Minority homeseekers (African-Americans, Hispanics, Asian Americans, Native Americans), compared to equally qualified white homeseekers, receive consistently unfavorable treatment in 20 to 25 percent of paired-tests when they inquire about a unit advertised for rent or sale (HUD's National Housing Discrimination Study, published 2002);
- Mortgage lenders quote African Americans and Hispanics higher rates and fees, compared to similarly-qualified white applicants ("All Other Things Being Equal," published 2002); and
- 83 percent of people who say they have experienced discrimination do not report it (HUD Awareness Study: "How Much Do We Know," published 2002), due, in part, to a lack of awareness of the resources available to address these problems and the belief that government agencies are not adequately equipped to address these issues.

Legislative Authority. Section 561 of the Housing and Community Development Act of 1987, as amended, authorizes the execution of grants, contracts, or cooperative agreements with State or local government agencies, public or private nonprofit organizations, institutions or other entities that are formulating or carrying out programs to prevent or overcome discriminatory housing practices. FHIP supports projects and activities designed to enhance compliance with the Fair Housing Act and substantially equivalent State and local laws. Section 905 of the Housing and Community Development Act of 1992 expanded the provisions of the Fair Housing Initiatives Program to build the capacity of fair housing organizations in unserved and underserved areas, to establish a national media campaign for dissemination of fair housing information, and to establish funding for celebration of National Fair Housing Month.

Purpose. 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 by providing a free and open housing market.

PROGRAM ACCOMPLISHMENTS

- In fiscal year 2004, the Department awarded 106 grants under FHIP, which included funding for 16 new organizations, many of whom were first-time faith-based and grassroots community organizations.
- HUD and FHAP agencies received 9,431 complaints in fiscal year 2004, an 11 percent increase over the fiscal year 2003. This increase is attributable, in part, to education and outreach activities of FHIP, including the success of its Public Service Announcement campaigns in 2003 and 2004.
- In 2003, HUD's fair housing Public Service Announcement, "Accents," won the Advertising Council's top award for public service announcements (PSAs) co-sponsored by the organization.

Fair Housing Initiatives Program

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 FAIR HOUSING INITIATIVES PROGRAM
 Summary of Resources by Program
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2004 Budget Authority</u>	<u>2003 Carryover Into 2004</u>	<u>2004 Total Resources</u>	<u>2004 Obligations</u>	<u>2005 Budget Authority</u>	<u>2004 Carryover Into 2005</u>	<u>2005 Total Resources</u>	<u>2006 Request</u>
Competitive Grants	\$20,131	\$20,118	\$40,249	\$38,876	\$19,840	\$1,270	\$21,110	\$16,100
Total Fair Housing Initiatives Program	20,131	20,118	40,249	38,876	19,840	1,270	21,110	16,100

<u>FTE</u>	<u>2004 Actual</u>	<u>2005 Estimate</u>	<u>2006 Estimate</u>
Headquarters	10	11	11
Field	21	16	16
Total	31	27	27

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

Competitive Grants	<u>Amount</u>
2004 Appropriation	\$20,131
2005 Appropriation	19,840
2006 Request	<u>16,100</u>
Program Improvements/Offsets	-3,740

Proposed Actions

The overall, fiscal year 2006 Budget request for FHIP is \$16.10 million. This is a decrease of \$3.74 million from fiscal year 2005. Under the fiscal year 2006 request, the budget provides a total of \$11.5 million for PEI; a total of \$4.2 million for EOI; and \$400 thousand for Fair Housing Accessibility FIRST.

Private Enforcement Initiative (PEI)--\$11.5 million (\$1.5 million below the fiscal year 2005 level). PEI provides funding to private, tax-exempt organizations that have engaged in fair-housing enforcement activities for at least 1 year in the 2-year period preceding the filing of a FHIP application.

Allocation

Of the \$11.5 million allocated for this initiative, approximately 38 percent will support competitive 3 year awards to high-performing fair housing enforcement organizations under the Performance-Based Funding Component (PBFC), which began in fiscal year 2005. This will make it possible for groups to conduct long-term systemic investigations and strategic planning. To qualify for this funding, organizations must: be a "qualified fair housing enforcement organization" (2 years of enforcement experience) or a "fair housing enforcement organization" (at least 1 year of enforcement experience); have an "excellent" performance rating under three previous years' FHIP grant; and score in the top five percent of PEI applications in the year for which they apply.

The remaining 62 percent of PEI will be awarded in accordance with the competitive requirements of the fiscal year 2006 Notice of Funding Availability.

Justification

PEI addresses high level of discrimination in America. PEI grantees respond to complaints of housing discrimination from the public. The HUD-commissioned Housing Discrimination Study (HDS, 2000), which provides the most rigorous nationwide estimates of housing discrimination since 1989, found that African American, Hispanic, Asian, and Native American homeseekers all received consistently unfavorable treatment in 20 to 25 percent of paired-tests when they inquired about advertised properties for rent or sale. While discrimination remains a significant problem, HDS also shows discrimination is substantially lower than in 1989, particularly in the sales market, suggesting that Federal Government efforts in this area are having a measurable impact. Recent HUD education campaigns have increased public awareness of fair housing rights and reporting of discrimination.

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PEI funds proven investigative methods. FHIP PEI is the primary source of Federal funds for private enforcement of the Fair Housing Act. PEI grantees investigate complaints from individuals, and attempt to corroborate allegations of discrimination by performing "testing" of housing providers. The HUD-funded Urban Institute study, "A National Report Card on Discrimination in America: The Role of Testing" concluded, "There is a broad agreement that a meaningful reduction in rental discrimination will require a great deal more testing and enforcement. These tests will, over time, require the use of more sophisticated testing techniques and necessitate a higher level of expenditure." The study clearly supports the priority of this effort which is the largest component of the FHIP program.

PEI addresses discrimination in Mortgage Lending. PEI grantees address the full range of housing-related discrimination, including lending discrimination. A HUD-commissioned study of two major metropolitan areas titled, "All Other Things Being Equal" (published 2002) documented how African Americans and Hispanics are more likely than similarly qualified whites to receive worse terms, higher fees, and less favorable treatment when they inquire about mortgage loans.

PEI will respond to increased reports of disability-related discrimination. Increased enforcement of the Fair Housing Act's design and construction requirements by HUD and the Department of Justice (DOJ), and the publicity these cases generate, will likely result in more reports to FHIP groups of disability discrimination. The 2004 guidance that HUD and DOJ issued regarding the obligations of housing providers to provide reasonable accommodations to people with disabilities may also encourage more people to exercise their rights. Finally, HUD conducted a national study of the extent to which persons with disabilities face housing discrimination, and will issue that report in fiscal year 2005, thus further raising awareness of the problem.

Explanation for Decrease

HUD has decreased the amount requested for PEI by \$1.5 million, because enforcement will also be conducted on a state and local level by FHAP agencies.

Education and Outreach Initiative (EOI) \$4.2 million--(\$740 thousand below the fiscal year 2005 appropriation). This initiative provides funding for projects that educate the public on the rights and obligations of the Fair Housing Act and substantially equivalent state and local fair housing laws. These efforts will be directed by the findings of awareness studies discussed above.

The Budget requests approximately \$4.2 million for this Initiative, which is a decrease of \$740 thousand from the fiscal year 2005 level. This would allow for EOI General awards, targeted education and outreach on disability-rights, and outreach projects with Historically Black Colleges and Universities.

Justification

Many are unaware of protections under fair housing laws. The HUD study, "How Much Do We Know?" dated April 2002, examined the public's awareness of the Fair Housing Act's prohibitions against housing discrimination. This study found that many Americans still do not recognize unlawful discrimination when it occurs. For example, 46 percent of people surveyed did not know that it is illegal for real-estate agents to limit a home search to certain neighborhoods based on the race of the home seeker and the racial composition of the neighborhood. When asked about differential treatment of families with children, an alarming 62 percent of those surveyed were not aware that it is illegal, even though Federal law has prohibited such discrimination for over 15 years.

Evidence of underreporting of housing discrimination. The HUD awareness study, "How Much Do We Know?" found that 83 percent of respondents who believed they had experienced discrimination took no action against it. Almost one in five people who believe they have experienced discrimination do not know their rights or where they should go to complain. The study said this suggests "... a much greater incidence of perceived housing discrimination among the general public than a tally of complaints by government agencies, fair housing groups, or the legal system indicate." As a result of these findings, the report emphasizes that actions need to be taken "to

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raise the level of public knowledge about the complaint and enforcement process, and to encourage greater trust in the efficacy of the system."

Similarly, a 2001 study of segregation in Washington, DC by the George Washington University found that, "Out of the 10.9 percent of blacks who reported that they experienced discrimination within the housing market, more than 90 percent did not take legal action, and one of the key reasons for not doing so was because they thought that nothing would come of it." Of all respondents who experienced discrimination, 37 percent did nothing about it because of a lack of funds and lack of knowledge of where to file a complaint. The report concluded, "in light of the number who took no legal action because they did not have the money, or did not know where to file a complaint, there appears to be a substantial misunderstanding of the rights available to housing discrimination victims."

Explanation of Decrease

EOI campaigns funded by previous fiscal year appropriations have resulted in increased reporting of housing discrimination to HUD, state and local organizations, and private fair housing groups. The decrease in EOI funds this year is also offset by the continued use and re-distribution of the PSA (television, radio, and print) produced by FHIP's fiscal year 2002 \$1 million national education and outreach grant. The budget also recognizes that PEI grantees will conduct education and outreach activities.

Fair Housing Accessibility FIRST Training and Technical Guidance--\$400 thousand (\$400 thousand below the fiscal year 2005 appropriation). HUD developed FIRST 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 multi-family housing in compliance with the Fair Housing Act.

The Department is requesting \$400 thousand to continue the hotline and website for Fair Housing Accessibility FIRST education and outreach training to builders, architects, and others.

Justification

In 3 years, at a cost of \$4.2 million, FIRST has provided classroom training in all areas of the country for over 3,500 architects, builders, code officials, advocates, and others on compliance with the design and construction requirements of the Fair Housing Act (the Act). During the same period, FIRST's interactive website has received over 35,000 "hits" and 3,600 phone calls seeking information and technical guidance. The Act's requirements affect over 400,000 private and public multifamily housing units constructed in the U.S. every year. HUD's Multifamily Housing Accessibility Study, published in 2003, found significant compliance with many elements of HUD's Fair Housing Accessibility Guidelines, but only 6 percent of surveyed multifamily units fully conformed to all applicable elements. The continuation of this program is also supported by the statements of the National Council on Disability, who argued in a 2001 report that HUD needs to do more to ensure compliance with the Fair Housing Act's design and construction requirements.

Explanation of Decrease

This budget provides \$400 thousand less than the fiscal year 2005 appropriation. This amount will allow HUD to continue operating the hotline and website for Fair Housing Accessibility FIRST. This decrease is possible because no seminars will be conducted in fiscal year 2006.

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**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	
		2004 Plan	2004 Actual	2005 Plan	2006 Plan
Recipients of FHIP education and outreach grants will hold 200 public events, to include outreach to faith-based and grassroots organizations, reaching, at least, 160,000 people.	TEAPOTS a/	N/A	N/A	150	200
At least 400 housing professionals will be trained on how to design and construct multifamily housing that complies with the Fair Housing Act.	TEAPOTS	1,500	2,000	1,000	400

N/A = Not Applicable

a/ Title VIII Automated Paperless Office and Tracking System (TEAPOTS).

Explanation of Indicators

In fiscal year 2006, the Office of Fair Housing and Equal Opportunity proposes \$16.10 million in FHIP program funding, and \$2.74 million in Salaries and Expenses for a total of \$18.84 million to support Strategic Goal "FH: Ensure Equal Opportunity in Housing."

Funding for FHIP is critical to achieving the Department's Strategic Goal "FH: Ensure Equal Opportunity in Housing" and toward addressing the findings of HUD-funded discrimination studies. FHIP provides non-profit organizations with the funding they need to investigate complaints of discrimination on the local and regional level, collect evidence to corroborate allegations, and educate communities about their fair housing rights. HUD studies demonstrate the effectiveness of testing in uncovering unlawful discrimination. HUD studies also indicate a need to do more education and outreach to inform the public, and improve their confidence in, the government's role in investigating and addressing housing-related discrimination.

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Strategies:

OBJECTIVE FH.2: IMPROVE PUBLIC AWARENESS OF FAIR HOUSING LAWS

Recipients of FHIP education and outreach grants will hold 200 public events, to include outreach to faith-based and grassroots organizations, reaching, at least, 160,000 people.

- HUD estimates FHIP Education and Outreach grantees will increase the number of public events they hold in 2006 by 33 percent over the fiscal year 2005 level. The expectations of grantees are set forth in grant agreements.

Fair Housing Initiatives Program

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

The 2006 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, [\$46,500,000] \$38,800,000, to remain available until September 30, [2006] 2007, of which [\$20,000,000] \$16,100,000 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. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, fiscal year 2005.)

Explanation of Changes

No new policy changes are proposed.

Fair Housing Initiatives Program

FAIR HOUSING AND EQUAL OPPORTUNITY
 FAIR HOUSING INITIATIVES PROGRAM
 Crosswalk of 2004 Availability
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2004 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2004 Resources</u>
Competitive Grants	\$20,250	-\$119	\$20,118	\$40,249
Total	20,250	-119	20,118	40,249

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FAIR HOUSING AND EQUAL OPPORTUNITY
 FAIR HOUSING INITIATIVES PROGRAM
 Crosswalk of 2005 Changes
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2005 President's Budget Request</u>	<u>Congressional Appropriations Action on 2005 Request</u>	<u>2005 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2005 Resources</u>
Competitive Grants	\$20,000	\$20,000	-\$160	...	\$1,270	\$21,110
Total Changes	20,000	20,000	-160	...	1,270	21,110