

FAIR HOUSING AND EQUAL OPPORTUNITY
 FAIR HOUSING INITIATIVES PROGRAM
 2007 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>
2005 Appropriation	\$20,000	\$3,550 ^a	-\$160	\$23,390	\$21,590	\$23,035
2006 Appropriation/Request	20,000	1,900 ^b	-200	21,700	21,700	20,800
2007 Request	<u>19,800</u>	<u>...</u>	<u>...</u>	<u>19,800</u>	<u>19,800</u>	<u>20,000</u>
Program Improvements/Offsets	-200	-1,900	+200	-1,900	-1,900	-800

a/ Does not reflect \$103 thousand in expired funds. Includes \$2.280 million in recaptured funds.

b/ Includes \$100 thousand in anticipated recaptures.

Summary Statement

The overall fiscal year 2007 Budget request for the Fair Housing Initiatives Program (FHIP) is \$19.8 million; no change from the fiscal year 2006 funding level (net of recession).

The major features of this budget are:

- Education and Outreach Initiative (EOI) - \$4.7 million (no change);
- Private Enforcement Initiative (PEI) - \$13.9 (no change);
- Fair Housing Accessibility FIRST - \$1.2 million (no change);
- No funding for the Fair Housing Organizations Initiative (no change).

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 housing discrimination, lending discrimination, and predatory lending; 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. In fiscal year 2007, a large majority of PEI funds will be used to continue Performance-Based Funding Component (PBFC) grants, which are 3-year agreements making it possible for proven grantees to conduct long-term systemic investigations and strategic planning.

FHIP organizations create greater awareness of housing discrimination, lending discrimination, and predatory lending through the publicity generated by their enforcement efforts and the education they conduct with EOI grants.

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.

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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 ("Housing Discrimination Study (HDS)", 2002);
- Mortgage lenders quote African-Americans and Hispanics higher rates and fees, compared to similarly-qualified white applicants ("All Other Things Being Equal," 2002);
- Mobility-impaired persons using wheelchairs face discrimination about a third of the time when they visit rental properties. Hearing-impaired persons are discriminated against approximately 50 percent of the time when using a telephone-operator relay to search for rentals. ("Housing Discrimination Study (HDS)," 2005);
- 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.

In working to achieve departmental fair housing goals, FHEO has sought to improve FHIP performance measurement through the development of two new efficiency measures and an output measure that quantifies EOI contributions toward long-term outcomes. As a part of the Departmental Strategic Planning process now underway, FHEO will identify ways to further strengthen its performance indicators and measurement.

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 by providing a free and open housing market.

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 the National Fair Housing Month.

Recent Program Accomplishments.

- In fiscal year 2005, the Department awarded approximately 104 grants under FHIP.

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- HUD's education and outreach efforts, particularly those carried out through FHIP, have led to an increase in public awareness of fair housing laws. For example, tracking surveys conducted by the Ad Council in 2003 and 2004 measured the impact of HUD's FHIP-funded fair housing public service announcements (PSAs) finding that: (1) those who saw the PSAs were more likely to be aware of the Fair Housing Act than those who did not (87 percent vs. 70 percent); (2) people who saw at least one PSA were more likely to be aware of housing discrimination as a problem; and (3) the general public's knowledge of the Fair Housing Act increased from 67 percent to 74 percent.
- The increase in public awareness has likely contributed to the rise in public reports of housing discrimination. FHAP agencies received 7,034 complaints in fiscal year 2005, a 7.4 percent increase over fiscal year 2004. The Department projects that FHAP agencies will investigate 9 percent more complaints in fiscal year 2006 then continue to rise at that level in fiscal year 2007, to reach a total of 8,357 complaints.

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 Summary of Resources by Program
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2005 Budget Authority</u>	<u>2004 Carryover Into 2005</u>	<u>2005 Total Resources</u>	<u>2005 Obligations</u>	<u>2006 Budget Authority/ Request</u>	<u>2005 Carryover Into 2006</u>	<u>2006 Total Resources</u>	<u>2007 Request</u>
Competitive Grants	\$19,840	\$3,550	\$23,390	\$21,590	\$19,800	\$1,900	\$21,700	\$19,800
Total	19,840	3,550	23,390	21,590	19,800	1,900	21,700	19,800

<u>FTE</u>	<u>2005 Actual</u>	<u>2006 Estimate</u>	<u>2007 Estimate</u>
Headquarters	8	7	7
Field	24	16	16
Total	32	23	23

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

Competitive Grants	<u>Amount</u>
2005 Appropriation	\$19,840
2006 Appropriation/Request	19,800
2007 Request	<u>19,800</u>
Program Improvements/Offsets

Proposed Actions

The overall fiscal year 2007 Budget request for FHIP is \$19.8 million. Under the fiscal year 2007 request, the budget provides \$13.9 million for PEI and \$4.7 million for EOI. The budget also allocates \$1.2 million for the continuation of the Fair Housing Accessibility FIRST program.

Private Enforcement Initiative (PEI)--\$13.9 million (no change)

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 \$13.9 million allocated for this initiative, approximately 75 percent of funds 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. These funds make it possible for groups to conduct long-term systemic investigations and strategic planning. Fiscal year 2007 funds will support PBFC grant commitments first made for fiscal years 2005, 2006, and 2007. 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 3 previous years' FHIP grant; and score in the top 5 percent of PEI applications in the year for which they apply. For fiscal year 2005, approximately 31 organizations were eligible for Performance-Based funding. Of these, 13 were funded based upon criteria for eligibility.

The remaining fiscal year 2007 PEI funds will be awarded in accordance with the competitive requirements of the fiscal year 2007 Notice of Funding Availability under the General Component, a Subprime Lending Component, and an Enforcement Component. The Subprime Lending and Enforcement Components are continued from fiscal year 2006. The Enforcement Component will address fair housing enforcement activities in Hurricane Katrina impacted areas of Louisiana, Texas, Mississippi, and Alabama. The Subprime Lending Component will assist fair lending enforcement efforts to address discriminatory terms or conditions or resulting from discriminatory practices in the subprime mortgage market as they relate to the Fair Housing Act.

Justification. PEI addresses high levels of discrimination in America, as reported in the "HDS 2000" study. PEI grantees respond to complaints of housing discrimination, predatory lending, and lending discrimination from the public. While discrimination remains a significant problem, HDS also shows that 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.

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" (1998) 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

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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 the full range of housing-related discrimination, including lending discrimination and predatory lending. 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.

Education and Outreach Initiative (EOI)--\$4.7 million (no change)

This initiative provides funding for projects that educate the public on the rights and obligations provided under 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.

Allocation. The Budget requests approximately \$4.7 million for this Initiative, which will be awarded through a NOFA. The NOFA will include funding for General Education and Outreach activities in the amount of \$3.7 million and \$1.0 million for the continuation of the Clinical Law School Component.

The EOI will fund programs that educate the public on housing discrimination, lending discrimination, and predatory lending. The organizations will explain the public's right to housing free from discrimination and what they can do if they feel those rights have been violated. Included within funding for General Education and Outreach activities, is support for the continuation of a regional/local subprime lending component, which will educate consumers on fair housing, financial literacy, and credit management and how to avoid high-cost loans and abusive lending practices. Also included are funds to continue two contracts: (1) a research contract to examine pricing disparities among racial groups in the subprime lending market; and (2) a National Clearinghouse contract to collect, archive, catalog, copy and distribute fair housing materials nationwide.

One million dollars of the fiscal year 2007 EOI funds will be dedicated for the Clinical Law School Component, which was first funded in fiscal year 2004 to establish a fair housing law-clinical program at a historically black college or university law school. Since its inception, the Program has: (1) substantially increased the fair housing and related civil rights curriculum in the funded HBCU Law School; (2) provided a program of instruction that will ensure that a increased number of law school graduates will have the substantive and practical training to enter the field of fair housing law; (3) produced well-trained and dedicated law graduates who will continue the Law School's legacy of social justice; (4) provided extensive, comprehensive and innovative training to attorneys interested in, and currently practicing fair housing law; (5) provided a much needed resource for citizens and the public to learn more about their rights, responsibilities, procedures and resources as they relate to housing discrimination issues; and (6) represented a comprehensive and innovative model of law school instruction that can be replicated at law schools across the country and ultimately produce a significant increase in, and impact upon, the number and quality of legal representation in the field of fair housing.

Justification. *Many are unaware of protections under fair housing laws.* The HUD study, "How Much Do We Know?" conducted in 2000, 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. HUD's update of this study, conducted in 2005, finds that awareness of the Fair Housing Act remains substantially the same, with modest increases in knowledge in some areas, and slight decreases in knowledge in others. There is clearly a great need to educate young people entering the housing market. While the 2005 study finds no dramatic changes in public awareness of the Fair Housing Act, public support for the law has increased. The study demonstrates the great challenge and resource needs to substantially affect public awareness of the law.

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Evidence of the underreporting of housing discrimination. The HUD awareness study, "How Much Do We Know?" also 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 2005 update of this study finds similarly low levels of public inclination to report discrimination.

Fair Housing Accessibility FIRST Training and Technical Guidance--\$1.2 million (no change)

HUD developed Accessibility FIRST in response to a fiscal year 2000 directive from the House and Senate Subcommittee on Appropriations to provide training and technical guidance on how to design and construct accessible multifamily housing in compliance with the Fair Housing Act.

The Department is requesting \$1.2 million to continue the hotline and website for Fair Housing Accessibility FIRST education and provide outreach training to builders, architects, and others.

Justification. In 4 years, at a cost of \$5 million, Accessibility 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). Accessibility FIRST is part of a broad effort to increase compliance with fair housing design and construction requirements among the over 400,000 private and public multifamily housing units constructed in the U.S. every year. In addition to Accessibility FIRST, HUD has partnered with organizations such as the National Association of Home Builders and the International Code Council to educate housing professionals on the accessibility requirements of the Fair Housing Act. HUD continues to enforce the accessibility requirements through its enforcement actions in fair housing complaints, compliance reviews of housing authorities, and the funds the Department provides to private fair housing groups to conduct Fair Housing Act enforcement and education.

HUD is currently conducting a study on the conformance of apartment buildings with the accessibility requirements of the Fair Housing Act. This study will provide a baseline measure of the number of buildings that conform to 14 key accessibility features, identified by the Department.

**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	
		2005 Plan	2005 Actual	2006 Plan	2007 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/	150	405	200	200

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

Explanation of Indicators

For fiscal year 2007, the Office of Fair Housing and Equal Opportunity proposes \$19.8 million in FHIP program funding.

Funding for FHIP is critical to achieving the Department's Strategic Goal "Ensure Equal Opportunity in Housing" and 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.

FHEO's annual performance measures track program contributions toward the achievement of long-term outcome goals that include increased public awareness of fair housing laws and decreased incidences of housing discrimination nationwide. HUD studies conducted in intervals of five to ten years examine progress toward these outcomes. The Department is currently working to identify options for measuring national awareness and discrimination on a more frequent basis.

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Strategies:

OBJECTIVE: 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, 120,000 people.

- Outreach events will provide education on a full range of fair housing issues in communities nationwide. Some resources will be targeted to topics of high priority, such as predatory and discriminatory lending.
- A national clearinghouse will support the efficient distribution of available outreach materials to a large numbers of organizations and individuals, potentially enhancing the effectiveness of outreach events.

Efficiency Measures:

FHEO will monitor two new measures of *efficiency* while progressing toward the achievement of long-term programmatic goals:

- For PEI grant recipients, compare the amount of FHIP funding spent on fair housing tests to the number of fair housing tests completed (*i.e., dollars spent/tests completed*).
- For Education and Outreach Initiative grant recipients, compare the amount of FHIP funding spent on Education and Outreach to the number of people reached with FHIP Education and Outreach (*dollars spent/people reached*).

It is important to note that FHEO has and is continuing to develop database and logic model systems to effectively capture outcomes and the efficiencies. For example, FHEO is currently creating a database that will capture the enforcement activities of recipients of PEI grants. That database will be operational later in fiscal year 2006.

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

The 2007 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, [\$46,000,000] \$44,550,000, to remain available until September 30, [2007] 2008, of which [\$20,000,000] \$19,800,000 shall be to carry out activities pursuant to such section 561: Provided, That not withstanding 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 fees 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. (Department of Housing and Urban Development Appropriations Act, 2006.)

Explanation of Changes

New appropriations language is proposed to provide legal authority for HUD to collect tuition fees from National Fair Housing Training Academy participants to help defray the cost of the training, develop additional curricula, and to establish a state-of-the art training facility.

Fair Housing Initiatives Program

FAIR HOUSING AND EQUAL OPPORTUNITY
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 Crosswalk of 2005 Availability
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2005 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2005 Resources</u>
Competitive Grants	\$20,000	-\$160	\$3,550 ^a	\$23,390
Total	20,000	-160	3,550	23,390

a/ Does not reflect \$103 thousand in expired funds. Includes \$2.280 million in recaptured funds.

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 Crosswalk of 2006 Changes
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2006 President's Budget Request</u>	<u>Congressional Appropriations Action on 2006 Request</u>	<u>2006 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2006 Resources</u>
Competitive Grants	\$16,100	\$20,000	-\$200	...	\$1,900 ^b	\$21,700
Total	16,100	20,000	-200	...	1,900	21,700

b/ Includes \$100 thousand in anticipated recaptures.