

FAIR HOUSING AND EQUAL OPPORTUNITY
FAIR HOUSING INITIATIVES PROGRAM
2008 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>
2006 Appropriation	\$20,000	\$1,800	-\$200	\$21,600	\$20,000	\$20,716
2007 Full-Year CR Estimate.....	18,800	1,600	...	20,400	20,400	20,515
2008 Request	<u>20,180</u>	<u>...</u>	<u>...</u>	<u>20,180</u>	<u>20,180</u>	<u>19,933</u>
Program Improvements/Offsets	+1,380	-1,600	...	-220	-220	-582

Summary Statement

The overall fiscal year 2008 budget request for the Fair Housing Initiatives Program (FHIP) is \$20.18 million; \$1.380 million increase from the fiscal year 2007 CR funding level and .38 million increase from the fiscal year 2007 President's request.

The major features of this budget are:

- Education and Outreach Initiative (EOI) - \$2.38 million (\$1.32 million decrease);
- Private Enforcement Initiative (PEI) - \$17.0 million (\$3.1 million increase);
- Fair Housing Accessibility FIRST - \$800 thousand (\$400 thousand decrease); and
- 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.

The funding request recognizes the priority and necessity of funding fair housing education, outreach, and enforcement efforts to fight housing discrimination and achieve the key outcome of greatly expanded housing opportunities for all Americans. The request includes a \$3.1 million increase for PEI, recognizing the priority of investigating incidences of discrimination in communities, as well as conducting longer-term systemic investigations.

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 2008, a large majority of PEI funds will be used to continue Performance-Based Funding Component (PBFC) grants, which are 3-year agreements contingent upon available funding making it possible for proven grantees to conduct long-term systemic investigations and strategic planning. In addition, PEI grantees are required to use 10 percent of their funds for education and outreach efforts.

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.

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If necessary, funds will be made available under the Fair Housing Accessibility FIRST program to respond to natural disasters. Funding will be used to provide education and outreach, as well as other technical assistance activities needed to address disaster relief.

HUD's revised Strategic Plan establishes several new long-term performance indicators as follows:

- For 2008, to improve accountability, service delivery, and customer service for HUD and its partners.
- To improve the quality and rigor of investigations;
- By 2011, HUD will increase public awareness of the Fair Housing Act's prohibitions of discrimination against families with children by 6 percentage points from the baseline of 44 percent in 2005; and
- By 2011, HUD will increase public awareness of the Fair Housing Act's prohibitions against racial steering by 4 percentage points from the baseline of 58 percent in 2005.

HUD has also established a new efficiency measure for PEI grantees, to compare the amount of FHIP funding spent on fair housing tests, versus the number of fair housing tests completed.

FHIP funding helps the Department achieve the following strategic goals and objectives found in the Annual Performance Plan:

(D) Ensure Equal Opportunity in Housing; (A.2) Increase Minority Homeownership Opportunities; and (F) Promote 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 ("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);
- Eighty-three 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.

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.

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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 non-profit 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 2006, the Department awarded 89 new grants under FHIP and 13 fiscal year 2005 PEI-Performance-Based second year funding for a total of 102 awards.
- 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 completed the investigation of 6,951 complaints in fiscal year 2006. The Department projects that FHAP agencies will investigate 4 percent more complaints in fiscal years 2007 and 2008, to reach a total of 7,518 complaints.

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

<u>Budget Activity</u>	<u>2006 Budget Authority</u>	<u>2005 Carryover Into 2006</u>	<u>2006 Total Resources</u>	<u>2006 Obligations</u>	<u>2007 CR Estimate</u>	<u>2006 Carryover Into 2007</u>	<u>2007 Total Resources</u>	<u>2008 Request</u>
Competitive Grants	\$19,800	\$1,800	\$21,600	\$20,000	\$18,800	\$1,600	\$20,400	\$20,180
Total	19,800	1,800	21,600	20,000	18,800	1,600	20,400	20,180

<u>FTE</u>	<u>2006 Actual</u>	<u>2007 Estimate</u>	<u>2008 Estimate</u>
Headquarters	7	7	7
Field	16	16	16
Total	23	23	23

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

Competitive Grants	<u>Amount</u>
2006 Appropriation	\$19,800
2007 Full-Year CR Estimate.....	18,800
2008 Request	<u>20,180</u>
Program Improvements/Offsets	+1,380

Proposed Actions

The overall fiscal year 2008 budget request for FHIP is \$20.18 million. Under the fiscal year 2008 request, the budget provides \$17.0 million for PEI and \$2.38 million for EOI. The budget also allocates \$800 thousand for the continuation of the Fair Housing Accessibility FIRST program.

Private Enforcement Initiative (PEI)--\$17.0 million (\$3.1 million increase)

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 \$17.0 million allocated for this initiative, approximately 90 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 2008 funds will support PBFC grant commitments made for fiscal years 2006, 2007, and 2008. To qualify for this funding, organizations must: (1) 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); (2) have an "excellent" performance rating under 3 previous years' FHIP grant; and (3) score in the top 5 percent of PEI applications in the year for which they apply. For fiscal year 2006, approximately 31 organizations were eligible for Performance-Based funding. Of these, 12 were funded based upon criteria for eligibility. The private, non-profit fair housing organizations have responded favorably to the creation of the PBFC as it provides continuity of funding for qualified groups, allowing them to perform long-term enforcement projects.

The remaining fiscal year 2008 PEI funds will be awarded in accordance with the competitive requirements of the fiscal year 2008 Notice of Funding Availability under the General Component.

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.

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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" (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 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)--\$2.38 million (\$1.32 million decrease)

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. This decrease was a result of an increase in the funding to Private Enforcement Initiative Performance Based Component grantees that are our excellent performers under this program.

Allocation. The budget requests \$2.38 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 \$1.4 million and for EOI National Component project, and a continuation of the FHIP Information Resource Center, which assists FHIP on PART and accountability.

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 sub-prime 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 FHIP Information and Resource contract.

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.

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

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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--\$800 thousand (\$400 thousand decrease)

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.

Allocation. The Department is requesting \$800 thousand to continue the hotline and website for Fair Housing Accessibility FIRST education and provide outreach training to builders, architects, and others throughout the country and specifically in disaster-impacted areas, such as communities in the Gulf Coast region damaged by Hurricanes Katrina, Rita, and Wilma.

Justification. Accessibility FIRST provides classroom and online training for 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 across the U.S. and specifically in disaster-impacted areas such as the Gulf Coast region. These training sessions will help to ensure that as this region is reconstructed, the new multifamily housing will be accessible to persons with disabilities.

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.

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

<u>Program Name:</u> 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	
		2006 Plan	2006 Actual	2007 Plan	2008 Plan
Recipients of FHIP education and outreach grants will hold 300 public events, to include outreach to faith-based and grassroots organizations, reaching, at least, 180,000 people.	TEAPOTS a/	200 160,000	697 250,799	300 180,000	300 180,000
Percentage of consistently unfair treatment towards minorities (blacks, Hispanics, and Asians) over whites in paired testing for rental and sales markets.	National Discrimination Study projected 2010	NA	NA	NA	TBD
The percentage of complaints settled.	TEAPOTS	NA	48.4%	42%	42%
The percentage of the General Public who can correctly identify six or more of the eight scenarios describing illegal conduct as unlawful. Survey projected in fiscal year 2011.	Survey Done Periodically	51%	50%	NA	NA
The average percentage of multifamily projects in the field that conform to the seven design and construction requirements of the Fair Housing Act. Next survey is for fiscal year 2007.	Survey Done Periodically	NA	NA	67%	NA
Through Departmental cross-program efforts, create training, employment and contracting opportunities at Section 3-covered projects for qualifying low- and very low-income residents and businesses.	HUD 60002	NA	NA	500	500

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

Explanation of Indicators

For fiscal year 2008, the Office of Fair Housing and Equal Opportunity proposes \$20.2 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

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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.

The National Discrimination Study is projected to be done in fiscal year 2010 and will reflect efforts and results of FHIP education, outreach, and enforcement.

The percentage of complaints settled reflects enforcement and outreach efforts.

The survey of the general public's knowledge of fair housing rights and responsibilities is conducted periodically and is projected to be done in fiscal year 2011.

The survey of design and construction of fair housing components is conducted periodically and is projected for fiscal year 2007.

The Section 3 indicator will track the Department's efforts and performance in providing job opportunities for low-income residents in communities using HUD program funds.

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Strategies:

OBJECTIVE: IMPROVE PUBLIC AWARENESS OF FAIR HOUSING LAWS

Recipients of FHIP education and outreach grants will hold 300 public events, to include outreach to faith-based and grassroots organizations, reaching, at least, 180,000 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. Portions of that database are currently being tested and is projected to be operational later in fiscal year 2007.

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

The 2008 President's Budget includes proposed changes in the appropriations language listed and explained below.

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, \$45,000,000, to remain available until September 30, 2009, of which \$20,180,000 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.

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.

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FAIR HOUSING AND EQUAL OPPORTUNITY
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 Crosswalk of 2006 Availability
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2006 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2006 Resources</u>
Competitive Grants	\$20,000	-\$200	\$1,800	\$21,600
Total	20,000	-200	1,800	21,600

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FAIR HOUSING AND EQUAL OPPORTUNITY
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 Crosswalk of 2007 Changes
 (Dollars in Thousands)

<u>Budget Activity</u>	2007 President's Budget Request	FY 2007 CR Estimate	2007 Supplemental/ Rescission	Reprogrammings	Carryover	Total 2007 Resources
Competitive Grants	\$19,800	\$18,800	\$1,600	\$20,400
Total	19,800	18,800	1,600	20,400