

**FAIR HOUSING AND EQUAL OPPORTUNITY
FAIR HOUSING INITIATIVES PROGRAM
2011 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>
2009 Appropriation	\$27,500	\$23,201	...	\$50,701	\$32,732	\$22,205
2010 Appropriation/Request	42,500 ^{a/}	17,968 ^{c/}	...	60,468	45,000	29,000
2011 Request	<u>32,600^b</u>	<u>15,468</u>	<u>...</u>	<u>48,068</u>	<u>45,000</u>	<u>34,000</u>
Program Improvements/offsets	-9,900	-2,500	...	-12,400	...	+5,000

a/ Includes up to \$425 thousand that may be transferred to the Transformation Initiative.

b/ Includes up to \$326 thousand that may be transferred to the Transformation Initiative.

c/ Excludes \$1 thousand in expired funds.

Summary Statement

The fiscal year 2011 Budget request for the Fair Housing Initiatives Program (FHIP) is \$32.6 million, a \$9.9 million decrease from the fiscal year 2010 enacted level. In fiscal year 2011, the Department plans to dedicate \$30.6 million to general fair housing efforts, an amount equal to funding for these efforts in fiscal year 2010. An additional \$2 million will be used in a pilot program under the Education and Outreach Initiative for fair housing organizations to assist jurisdictions with their duty to affirmatively further fair housing.

The Department and its state and local partners received 10,238 complaints in fiscal year 2009. Enforcement work and testing by FHIP organizations significantly strengthen complaints filed with the Department and Fair Housing Assistance Program (FHAP) agencies. Complaints filed with the Department by FHIP grantees are 20 percent more likely to result in a settlement, conciliation, or a finding that discrimination occurred, than complaints not referred by a FHIP agency. Fair housing organizations conduct the majority of fair housing education and outreach in the country.

This Budget requests \$32.6 million which will enhance fair housing enforcement by the Department and provide better education opportunities to the public.

Fair Housing Enforcement and Education

The Department proposes an amount comparable to fiscal year 2010 to support fair housing enforcement and education efforts of non-profit fair housing organizations. In this Budget, the Department has allocated \$30.6 million to fund general fair housing enforcement, as well as education and outreach, and to support the development of new fair housing organizations in rural and immigrant areas with limited English proficiency.

Fair Housing Initiatives Program

Affirmatively Further Fair Housing

The Fair Housing Act directs the Department to administer its programs and activities in a way that affirmatively furthers fair housing. HUD is committed to ensuring that Departmental funding is used to further this goal. To do this, the Department must educate HUD recipients in both what it means to affirmatively further fair housing and how HUD recipients can work in their communities to achieve truly integrated and balanced living patterns. Fair housing organizations are critical to this effort, so in fiscal year 2011, the Department has dedicated \$2 million for a pilot project for fair housing organizations to assist jurisdictions in analyzing their impediments to fair housing.

Overall, the major features of this Budget are:

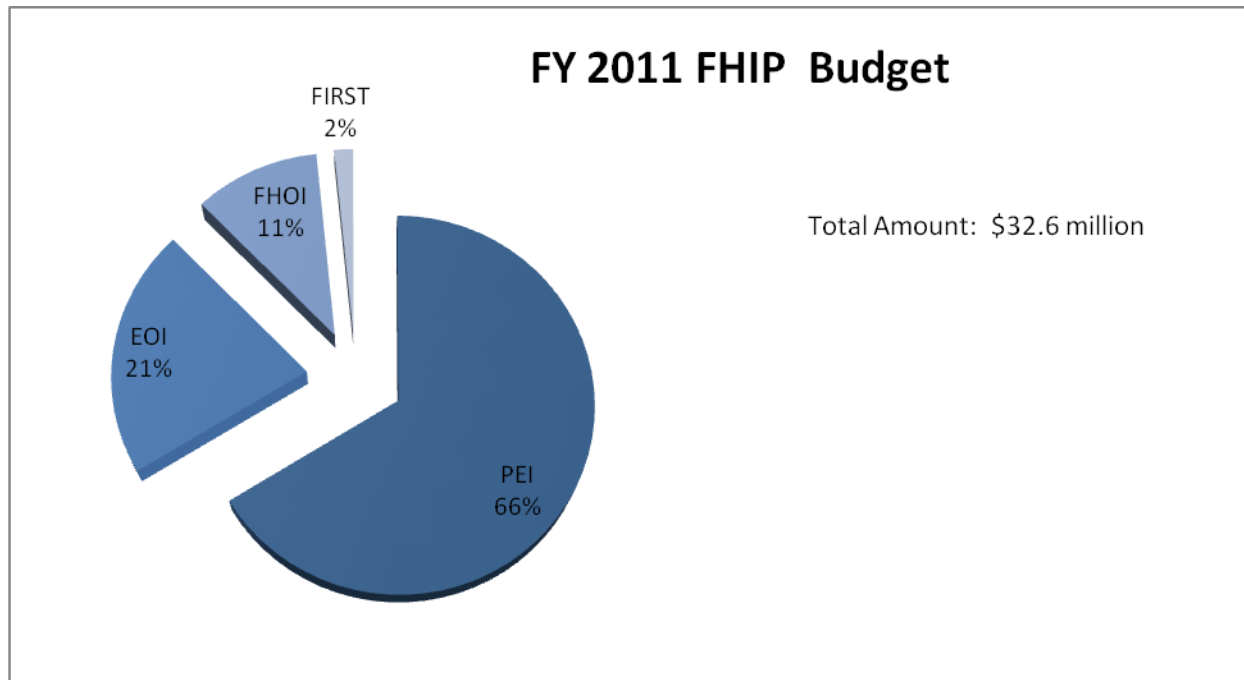
- \$32.6 million for General Fair Housing Initiatives Program Activities:
 - Private Enforcement Initiative (PEI) \$21.60 million (\$4.4 million decrease)
 - Education and Outreach Initiative (EOI) \$6.98 million (\$1 million decrease)
 - Fair Housing Organizations Initiative (FHOI) \$3.50 million (\$4.5 million decrease)
 - Fair Housing Accessibility FIRST (FIRST) \$520 thousand (no change)
- TOTAL: \$32.6 million (\$9.9 million decrease)

Comparison of FHIP Funding for FHEO Fiscal Years 2010 and 2011

Fiscal Year 2010 FHIP Funding (\$ In Millions)			
	Total	General Activities	Mortgage Fraud and Discrimination
PEI	\$26.00	\$21.50	\$ 4.50
EOI	\$ 7.98	\$ 4.98	\$ 3.00
FHOI	\$ 8.00	\$ 3.50	\$ 4.50
FIRST	\$ 0.52	\$ 0.52	\$ 0.00
FHIP TOTAL	\$42.50	\$30.50	\$12.00

Fair Housing Initiatives Program

Fiscal Year 2011 FHIP Funding (\$ In Millions)	
	General Activities
PEI	\$ 21.60
EOI	\$6.98
FHOI	\$3.50
FIRST	\$0.52
FHIP TOTAL	\$32.60
<i>Decrease from fiscal year 2010</i>	<i>(\$9.90)</i>



Fair Housing Initiatives Program

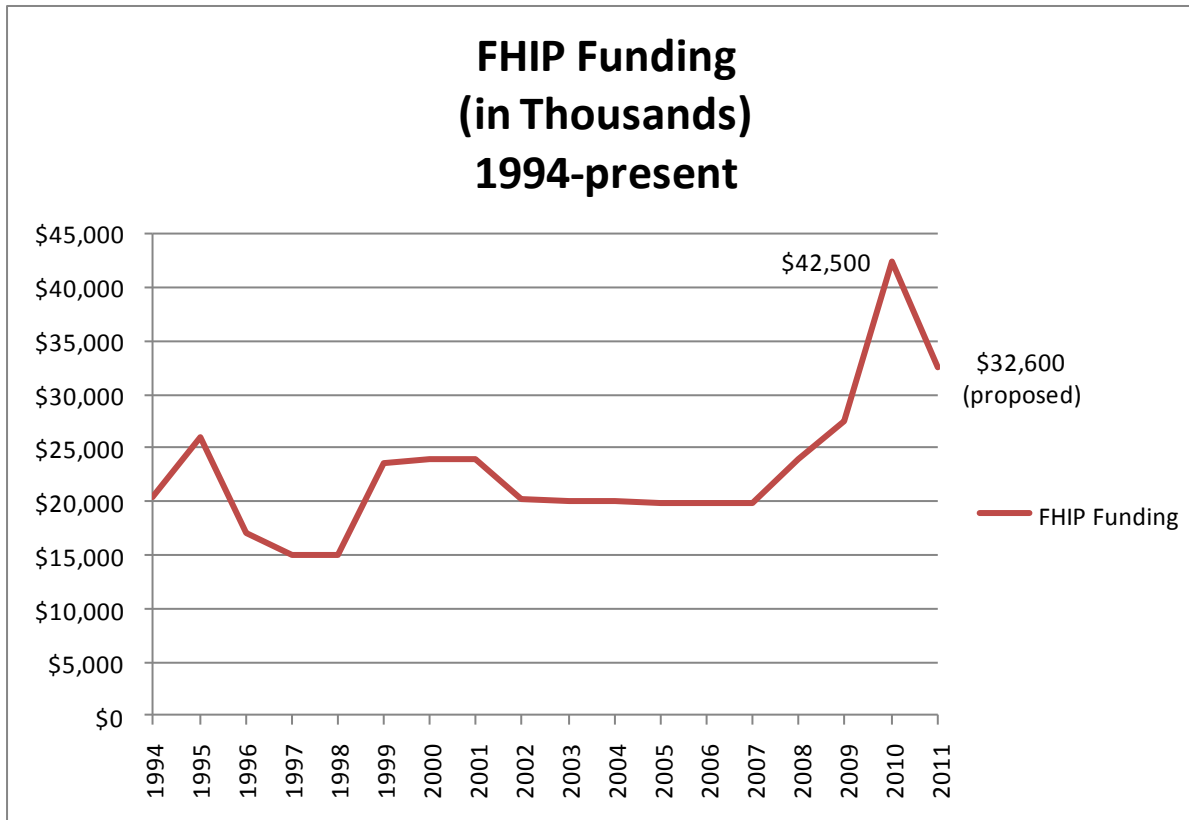
Program Background

The Housing and Community Development Act of 1987 established the FHIP 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 responsibilities under the Fair Housing Act.

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 fair housing enforcement organizations, state or local government agencies, non-profit organizations representing group of persons protected under Title VIII of the Civil Rights Act of 1968, and public or private entities that are formulating or carrying out programs to prevent or eliminate 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 disseminating fair housing information, and to celebrate National Fair Housing Month.

Fair Housing Initiatives Program

The graph below shows FHIP appropriations from fiscal years 1994-2011.



Victims of housing discrimination often make their first call for help to fair housing organizations. These groups provide immediate assistance to persons who have experienced discrimination. When FHIP grantees receive claims of discrimination from the public, they do not always file a lawsuit or an administrative complaint; they often work with the individual to remedy the situation. This may include writing letters to advocate for a person with a disability when an apartment manager refuses to provide the person with an accessible parking space or contacting a housing provider to inform him that he is required by law to rent to the single mother who applied for housing the day before.

Fair Housing Initiatives Program

Private Enforcement Initiative

FHIP grantees are also 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 characteristic that is the basis of alleged discrimination. These organizations test real estate agents and rental managers to ensure that they offer the same rent, discounts, and service to all applicants.

FHIP testing is often used to substantiate allegations of housing discrimination filed with the Department or a FHAP agency. For example, in 2008, Project Sentinel, a FHIP grantee for several years, began receiving complaints from Hispanic families at an apartment complex in Campbell, California. The allegations of the five families were similar in nature: the resident manager had been rude to them because they "couldn't speak English;" issued them rent increases not imposed on non-Hispanic households; subjected them to different rules than white tenants; and threatened to "call INS" when the complainants requested maintenance. In response to these allegations, Project Sentinel undertook two separate rounds of testing. During these tests, the manager of the property failed to return phone calls by the Hispanic testers and when the Hispanic testers reached the resident manager, she made disparaging comments that she did not make to the white testers. For example, she told one Hispanic tester she "didn't want to have to rent to him only to have later to evict him because of noise complaints." The five families and Project Sentinel filed complaints with the Department and FHEO subsequently referred these complaints to the California Department of Fair Employment and Housing (DFEH), a FHAP Agency. After referral, the parties expressed interest in participating in DFEH's early-stage mediation program. Under the mediation agreement entered into by the parties, the five families and Project Sentinel received a total of \$45,000 and letters of apology. In addition, the agreement contained significant public interest provisions requiring the respondents to develop and distribute to residents a written fair housing policy, standardize its procedures for notifying residents of prospective rules violations, eliminate restrictions on the number of visitors, and standardize documentation requirements from prospective applicants.

FHIP grantees do not wait for complaints to come to them; they play a critical role in inspecting properties and ensuring that housing providers comply with the fair housing law. For example, Fair Housing of the Dakotas (FHD), a FHIP grantee, conducted extensive testing of several multifamily housing developments in Sioux City, South Dakota, and found five properties in non-compliance with the accessibility requirements of the Fair Housing Act. The kitchens, bathrooms, doorways, and public and common use areas of these apartments were inaccessible to persons with mobility impairments. FHD filed or assisted in filing 13 complaints against the developers and architects of these properties. The Department charged seven of these complaints and referred the remainder to the Department of Justice.

The investigation and assistance that FHIP grantees provide to the public is excellent. As a result of their efforts, complaints filed with the Department by FHIP grantees are 20 percent more likely to result in a settlement, conciliation, or finding that discrimination occurred than complaints that are not referred by a FHIP agency.

Fair Housing Education and Outreach

The Department's studies of the public's awareness of the Fair Housing Act, conducted in 2000 and again in 2005, show that housing discrimination is under reported. In the most recent study, "Do We Know More Now?," 80 percent of those who reported that they had experienced discrimination did nothing about it, and only 2 percent sought help from the government or a fair housing group. When asked why, 8 percent stated they did not know where to report it and 6 percent thought it would cost too much money (though the services of HUD and fair housing groups are free); another 24 percent were unsure whether what they experienced was discrimination. It is critical that the public know both how to identify housing discrimination and how to report it.

Fair Housing Initiatives Program

To further education about fair housing, the Department awards funds through the Education and Outreach Initiative in FHIP. This is done through local and regional grants which support efforts by organizations to work in their community and with schools, groups, and churches within the community to inform people of their right to fair housing and what to do if those rights are violated. In addition, the Department funds a National Media Campaign that uses public service announcements, television, radio and print advertisements, pamphlets, and websites to educate the public.

In 2009, the Department in conjunction with the FHIP group, the National Fair Housing Alliance, initiated a national education and outreach media campaign to address three major areas: (1) Foreclosure Prevention; (2) Predatory Lending Prevention; and (3) Rental Discrimination. The Department, in cooperation with the U.S. Department of the Treasury, has linked this national education and outreach campaign to the government website: MakingHomeAffordable.gov. This national campaign is targeted to consumers and will cover "Foreclosure Scams," "Fair Lending Practices," "New Government Programs," and "Predatory Lending Practices." In 2009 alone, the campaign received almost \$8.3 million in donated media and resulted in more than 580 million audience "impressions."

Affirmatively Furthering Fair Housing

In the Fair Housing Act, Congress directed HUD to administer its programs and activities in a way that affirmatively furthers fair housing. As Senate floor manager of the bill, Senator Phillip Hart stated, "This problem of where a family lives, where it is allowed to live, is inextricably bound up with better education, better jobs, economic motivation, and good living conditions." In studies, integrated and diverse neighborhoods are consistently shown to be the most stable and to offer the most educational, economic, and employment opportunities to community members. They also lead to greater tolerance and broaden community members' social networks.

HUD is committed to ensuring that Departmental funding is used in ways that affirmatively further fair housing. As part of the requirement to "affirmatively further fair housing," the Department requires local governments to examine how their housing programs connect with other aspects of the community such as transportation, economic development, and education, and whether people from all walks of life have access to these opportunities on an equitable basis. The Department examines factors such as whether senior or disabled individuals have access to housing that meets their needs, whether transit systems facilitate moving people from their homes to places where there are jobs, and whether all residents have access to the housing they can afford.

To guide recipients in these efforts, the Department requires jurisdictions to analyze impediments (AI) to fair housing choice within their geographical boundaries and develop a plan to address those impediments. Because of their fair housing expertise, FHIP grantees often assist jurisdictions in preparing their AIs. Fair housing groups may perform discrimination testing; demographic analysis on the racial and national origin composition of the community; and/or strategic planning to address those impediments.

Fair Housing Initiatives Program

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

<u>Budget Activity</u>	<u>2009 Budget Authority</u>	<u>2008 Carryover Into 2009</u>	<u>2009 Total Resources</u>	<u>2009 Obligations</u>	<u>2010 Budget Authority/ Request</u>	<u>2009 Carryover Into 2010</u>	<u>2010 Total Resources</u>	<u>2011 Request</u>
Competitive Grants	\$27,500	\$23,201	\$50,701	\$32,732	\$42,075	\$17,968	\$60,043	\$32,274
Transformation Initiative	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>425</u>	<u>...</u>	<u>425</u>	<u>326</u>
Total	27,500	23,201	50,701	32,732	42,500	17,968	60,468	32,600

NOTE: 2009 Carryover Into 2010 excludes \$1 thousand in expired funds.

<u>FTE</u>	<u>2009 Actual</u>	<u>2010 Estimate</u>	<u>2011 Estimate</u>
Headquarters	7	7	7
Field	<u>16</u>	<u>22</u>	<u>22</u>
Total	23	29	29

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

Competitive Grants	<u>Amount</u>
2009 Appropriation	\$27,500
2010 Appropriation/Request	42,075
2011 Request	<u>32,274</u>
Program Improvements/Offsets	-9,801

Proposed Actions

The overall fiscal year 2011 Budget request for Fair Housing Initiatives Program (FHIP) is \$32.6 million. The fiscal year 2011 request provides \$21.6 million for PEI, \$6.98 million for EOI, \$3.5 million for FHOI, and \$520 thousand for the continuation of the Fair Housing Accessibility FIRST program.

Private Enforcement Initiative (PEI) - \$21.6 million (\$4.4 million decrease)

PEI provides funding to private, tax-exempt fair housing enforcement organizations. These are experienced 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. PEI supports the investigation and resolution of housing discrimination allegations handled by private fair housing organizations. These organizations conduct testing where discrimination is suspected and assist the public in resolving complaints through informal means. When necessary these organizations file complaints with HUD or in Federal court on behalf of victims of discrimination.

Allocation. The 2011 request will allocate \$16.6 million to support competitive 3-year awards to high-performing fair housing enforcement organizations under the Performance-Based Funding Component (PBFC). To qualify for this funding, an organization must: (1) be a “qualified fair housing enforcement organization,” have 2 years of enforcement experience; (2) have an “excellent” performance rating under 2 previous years’ FHIP enforcement grants and receive at least a 95 or above on their most recent performance rating; and (3) score of 95 or above on its application. Private, non-profit fair housing organizations have responded favorably to the creation of the PBFC as it provides continuity of funding for qualified groups and allows them to conduct long-term enforcement projects.

The Department requests approximately \$5.0 million for PEI funds through the general component. These funds support the work of experienced organizations that have engaged in fair housing enforcement activities for at least one year in the 2-year period preceding their grant application. These groups conduct testing, education, counseling, investigation, conciliation, and pursue lawsuits on behalf of victims of discrimination. In the absence of a complaint, PEI grantees use their funds to conduct testing and reviews to check that housing providers, property managers, real estate agents, and architects properly comply with the Fair Housing Act and state and local fair housing laws. These efforts keep the housing market open and free from discrimination.

Fair Housing Initiatives Program

Education and Outreach Initiative (EOI) - \$6.98 million (\$1 million decrease)

The Education and Outreach Initiative provides funding for projects that educate the public about their rights and responsibilities under the Fair Housing Act and substantially equivalent state and local fair housing laws.

Allocation. The Department requests \$4.18 million for general education and outreach initiatives. One million dollars will be used for a national media campaign to inform the public about their fair housing rights. This campaign will include television and radio public service announcements, print advertisements and pamphlets, as well as new media outreach. The Department will allocate \$3.18 million for the Local and Regional Educational Component. This supports education campaigns, fair housing workshops, and community outreach on a local and regional level. Groups often speak at churches, community groups, and homeownership workshops and fairs to educate the public about housing discrimination and lending discrimination and what they can do if they feel their rights are violated.

The Department will dedicate \$2 million for a pilot program for fair housing organizations to assist jurisdictions with their duty to affirmatively further fair housing. HUD will assist them with preparing a comprehensive and objective Analysis of Impediments, including testing or demographic analysis and/or strategic planning to address those impediments.

The Department will also allocate \$800 thousand to continue the FHIP Information Resource Center, which assists FHIP in accountability.

Fair Housing Organizations Initiative (FHOI) - \$3.5 million (\$4.5 million decrease)

The purpose of FHOI is to establish fair housing enforcement agencies in underserved areas and allow existing organizations to enhance their enforcement skills or capacity.

Allocation. The Department has requested \$3.5 million to establish fair housing organizations in underserved areas, especially in states where there are no Fair Housing Assistance Program agencies. This funding can be used by existing legal aid and civil rights organizations to expand their capacity to provide fair housing enforcement or to create entirely new fair housing organizations.

Fair Housing Accessibility FIRST Training and Technical Guidance (FIRST) - \$520 thousand (no change)

HUD developed Fair Housing Accessibility FIRST in response to a fiscal year 2000 directive from the House and Senate Appropriations Subcommittees 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 \$520 thousand to continue the hotline and website for Fair Housing Accessibility FIRST education and to provide outreach training to builders, architects, and others throughout the country. In fiscal year 2009, FIRST provided training to 889 people through 15 training sessions in 15 different states. Since the inception of the program, FIRST has held 149 training sessions and provided training to 9,986 persons. In addition, the website has received 253,605 distinct hits.

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

Transformation Initiative	<u>Amount</u>
2009 Appropriation .....	...
2010 Appropriation/Request	\$425
2011 Request	<u>326</u>
Program Improvements/Offsets	-99

Proposed Actions

The Transformation Initiative allows the Secretary the necessary flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. One percent of the funds appropriated for the FHIP account may be transferred to the Transformation Initiative account to undertake research, demonstrations, technical assistance, and technology improvements.

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

The fiscal year 2011 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, [~~\$72,000,000~~ \$61,100,000], to remain available until September 30, [2011] 2012, of which [~~\$42,500,000~~ \$32,600,000] 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[*Provided Further*, That no funds made available under this heading, \$500,000 shall be available to the Secretary of Housing and Urban Development for the creation and promotion of translated materials and other programs that support the assistance of persons with limited English proficiency in utilizing the services provided by the Department of Housing and Urban Development]. (*Department of Housing and Urban Development Appropriations Act, 2011*).

Explanation of Changes.

The provision setting aside funding for the creation and promotion of translated materials to support the assistance of persons with limited English proficiency has been removed. In fiscal years 2009 and 2010, \$500 thousand was provided. HUD is not requesting any additional funds.

Fair Housing Initiatives Program

**FAIR HOUSING AND EQUAL OPPORTUNITY
FAIR HOUSING INITIATIVES PROGRAM
Crosswalk of 2009 Availability
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2009 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2009 Resources</u>
Competitive Grants	\$27,500	...	...	...	\$23,201	\$50,701
Transformation Initiative	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total	27,500	...	...	...	23,201	50,701

Fair Housing Initiatives Program

**FAIR HOUSING AND EQUAL OPPORTUNITY
FAIR HOUSING INITIATIVES PROGRAM
Crosswalk of 2010 Changes
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2010 President's Budget Request</u>	<u>Congressional Appropriations Action on 2010 Request</u>	<u>2010 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2010 Resources</u>
Competitive Grants	\$42,075	...	...	\$17,968 ^{a/}	\$60,043
Transformation Initiative	<u>...</u>	<u>425</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>425</u>
Total	42,500	...	...	17,968	60,468

a/ Excludes \$1 thousand in expired funds.

Fair Housing Initiatives Program