

**FAIR HOUSING AND EQUAL OPPORTUNITY  
FAIR HOUSING PROGRAMS  
2014 Summary Statement and Initiatives  
(Dollars in Thousands)**

FAIR HOUSING PROGRAMS	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2012 Appropriation .....	\$70,847	\$15,345 <sup>a/</sup>	...	\$86,192	\$76,819	\$69,943
2013 Annualized CR .....	71,281	9,356 <sup>b/</sup>	...	80,637	80,637	72,000
2014 Request .....	<u>71,000<sup>c/</sup></u>	<u>...</u>	<u>...</u>	<u>71,000</u>	<u>71,000</u>	<u>79,000</u>
Program Improvements/Offsets .....	-281	-9,356	...	-9,637	-9,637	+7,000

a/ Includes \$133 thousand of actual recaptures.

b/ Excludes \$17 thousand of expired funds.

c/ This number includes an estimated Transformation Initiative (TI) transfer that may be up to 0.5 percent of Budget Authority.

**1. What is this request?**

For fiscal year 2014, the Department requests for Fair Housing Programs a budget of \$71 million, a \$153 thousand increase from the fiscal year 2012 enacted amount. This request includes \$44.1 million for the Fair Housing Initiatives Program (FHIP); \$24.6 million for the Fair Housing Assistance Program (FHAP); \$1.8 million for the National Fair Housing Training Academy (NFHTA); and \$500 thousand for the Limited English Proficiency Initiative.

The Budget request for FHIP provides:

- \$29.275 million for Private Enforcement Initiative (PEI), a \$775 thousand decrease from fiscal year 2012;
- \$9.750 million is requested for the Education and Outreach Initiative (EOI), a \$2.5 million increase from fiscal year 2012;
- \$5.075 million for the Fair Housing Organization Initiative (FHOI) a \$175 thousand decrease from fiscal year 2012. This request will fund investigation and outreach by 150 fair housing local community and national fair housing organizations in more than 40 states. In addition, funds will be used to set up two new fair housing enforcement organizations in underserved areas.

## Fair Housing Programs

The Budget request for FHAP provides:

- \$24.6 million to reimburse FHAP agencies for investigating cases (approximately 8,500) a \$3.4 million decrease from fiscal year 2012;
- Complaint Processing \$20.6 million, a \$227 thousand decrease from fiscal year 2012;
- \$2.480 million in administrative costs, a decrease of \$1.3 million from fiscal year 2012;
- \$1.2 million in training funds, a \$600 thousand decrease from fiscal year 2012;
- \$200 thousand to support the planning of the biennial National Fair Housing Policy Conference a \$200 thousand increase from fiscal year 2012; and
- \$120 thousand to build the capacity of one new FHAP agency level at the 2012 request. This request will fund 96 state and local government civil rights organizations combating housing discrimination in their local communities. At a time when state and local governments may have limited funding to support fair housing enforcement the FHAP provides stability and continuing support for this work.

The Budget request for the NFHTA will allow the Department to add additional courses to a broader housing audience, offer courses in a wider range of locations, support cross-training, and develop an effective national training strategy that ensures that those who work in fair housing nationally have access to a consistent, reliable training resource. In fiscal year 2014, the Academy will train an estimated 414 students. In addition, the request will fund operation of the academy, including payment for instructors and the development of new courses.

The Budget request for LEPI will provide funds for oral interpretation and written translation services, helping HUD make its programs and activities accessible to people who are not proficient in English.

Also, in fiscal year 2014, the Department renews its request for the Transformation Initiative Fund, which provides the Secretary the flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. This program may transfer up to 0.5 percent or \$30 million, whichever is less, to the Transformation Initiative Fund for the operation of a second-generation Transformation Initiative (TI2). More details on TI2 and its projects are provided in the justification for the Transformation Initiative Fund account.

In fiscal year 2014, Fair Housing Programs will accomplish the following to support the Department's Strategic Goal of Building Inclusive and Sustainable Communities Free from Discrimination:

## Fair Housing Programs

- Continue the support and operation of 150 fair housing, legal services, and education organizations to address individual and systemic discrimination and remedy historical patterns of discrimination and segregation in their communities. FHIP will enhance and expand the impact of the work of these organizations by incentivizing systemic investigations and systemic testing.
- Continue the operation of 96 fair housing and civil rights FHAP agencies that ensure and advance fair housing in their communities.
- Continue to develop and execute a national media campaign to inform the public about fair housing rights and obligations. This campaign addresses fair housing rights in the rental market to assist people searching for new housing as a result of foreclosure. FHIP plans to produce a media campaign that raises awareness of discrimination in the rental market; effectively addresses other issues that keep people from reporting discrimination, including the belief that reporting such information is futile; and provides people with the tools to recognize discrimination and the ability to report it.

### Key Outputs with the requested resources

- Investigate at least 8,500 administrative complaints of housing or lending discrimination through FHAP and another 10,000 independent FHIP investigations into allegations of rental, sales, lending, or insurance discrimination.
- Continue to pursue relief, damages, and penalties for victims of discrimination through administrative complaints.
- Conduct testing to detect housing discrimination based on race, national origin, disability, religion, familial status, color, or sex. This includes testing for rental discrimination, lending discrimination, and refusals to make reasonable accommodations, as well as inspections for design and construction violations.
- Educate more than one million people about their rights to housing and lending free from discrimination and what to do if those rights are violated.
- Develop a national media campaign to support national education messages about fair housing rights and the obligation to affirmatively further fair housing in the rental market that will reach an estimated 100,000,000 viewers.
- Educate 414 fair housing investigators, educators, and public officials through the National Fair Housing Training Academy.
- Add two new private fair housing groups to expand enforcement to underserved communities and groups.

## Fair Housing Programs

### **2. What is this program?**

The Fair Housing Initiatives Program (FHIP), Fair Housing Assistance Program (FHAP), and the NFHTA all play a crucial and unique role in the Department's work to support fair housing enforcement and education and to strengthen the efforts of states, communities, and public housing authorities to avoid discrimination and affirmatively further fair housing. Though Title VIII of the Civil Rights Act of 1968 outlawed housing discrimination more than 43 years ago, housing discrimination of all types continues in communities throughout the nation. The National Fair Housing Alliance, a national consortium of more than 220 private, non-profit fair housing organizations, state and local civil rights agencies, and individuals, estimates that more than 3.7 million people every year are victims of discrimination.<sup>1</sup>

Housing is critical to so many aspects of a person's life. Therefore, housing discrimination can have a compounding effect on its victims, devastating their social and financial limits. The exclusion of African Americans and other minorities from neighborhoods that offer high quality schools and access to jobs and quality services has perpetuated racial inequalities in the United States. A study on the effect of housing segregation on Latino employment found that in cities with greater segregation, employment rates were lower for Latino men, and as these cities became more segregated over a 20-year period, employment rates of Latino men decreased even further.<sup>2</sup> A study of the effect of housing segregation of African Americans in cities found strong consistent evidence that as segregation increases, African Americans "have lower high school graduation rates, are more likely to be neither in school nor working, earn less income, and are more likely to be single mothers." Findings include that 20- 24-year old African Americans in more segregated cities have a 5.5 percentage point lower high school graduation rate than 20- 24-year old African Americans in less segregated cities, and segregation increases the percentage of 20-24 year old African Americans who are neither in school nor working by 6.2 percentage points.<sup>3</sup>

America cannot reach its fullest potential compared to the rest of the world if segregation and discrimination prevent people from accessing good schools and good jobs.

The FHIP, FHAP, and NFHTA identify and address housing discrimination, the manifestations of segregation and lack of fair housing choice, and the consequences of this conduct on communities and on their residents. These programs are the only funded programs in the Federal Government dedicated to assisting individuals to get justice for housing discrimination. Along with the work of HUD's Office of Fair Housing and Equal Opportunity, these programs work in concert to identify and address discriminatory practices, remediate violations, and support effective action to counter long-standing patterns of segregation, inequality, and exclusion across the country. The Department has made programmatic and budgetary changes to improve the outcomes of cases handled by state

---

<sup>1</sup> National Fair Housing Alliance, 2008 Fair Housing Trends Report, 2008.

<sup>2</sup> Dickerson vonLockette and Jacqueline Johnson, "Latino Employment and Residential Segregation in Metropolitan Labor Markets," *Du Bois Review*, 7(1), 2010.

<sup>3</sup> Cutler, David M. and Edward Glasser, "Are Ghettos Good or Bad?" *The Quarterly Journal of Economics*, August 1997.

## Fair Housing Programs

and local enforcement agencies funded through FHAP and support of systemic investigations conducted by FHIP grantees. These cases address patterns of discrimination, provide remedies for a greater number of victims, because of their size, generate more notice, and result in a greater deterrent effect.

### **Fair Housing Initiatives Program**

<b>Fair Housing Initiatives Program</b>	<b>2012 Enacted</b>	<b>2013 Annualized CR</b>	<b>2014 Request</b>	<b>Increase/Decrease From 2012</b>
Private Enforcement Initiative	\$30,050,000	\$30,233,906	\$29,275,000	-\$775,000
Education and Outreach Initiative	7,200,000	7,244,064	9,750,000	+2,550,000
Fair Housing Organization Initiative	5,250,000	5,282,130	5,075,000	-175,000
<b>Total</b>	<b>42,500,000</b>	<b>42,760,100</b>	<b>44,100,000</b>	<b>1,600,000</b>

The Fair Housing Initiatives Program was created under Section 564 of the Housing and Community Development Act of 1987 to establish and support a network of experienced fair housing enforcement organizations throughout the country to foster compliance with the Fair Housing Act and state and local fair housing laws. This is the only grant program within the federal government whose primary purpose is to support private efforts to prevent and address housing discrimination.

The FHIP supports excellent fair housing education and enforcement by private non-profit groups in more than 120 communities. These groups provide advice, technical assistance, testing, and investigation that complement the work of HUD and FHAP agencies. FHIP grantees provide valuable assistance screening out cases that would otherwise be received by HUD and FHAP agencies but do not necessarily fall within our jurisdiction or have merit; without their assistance the number of cases filed with HUD would double. FHIP agencies also improve the quality of cases filed with HUD and FHAP agencies so much that cases referred or filed by a FHIP agency are twice as likely to result in a settlement or charge as all other cases. This is due in large part to the fact that grantees help complainants, particularly in complex cases, collect the relevant evidence through investigation and testing. FHIP agencies also conduct education and outreach activities that help inform people of their rights under the Fair Housing Act, as well as educate housing industry staff about the kinds of actions that violate the Fair Housing Act.

The mission of FHIP is to eradicate discrimination in all forms from the housing market. This is accomplished through the interplay of three major components: Private Enforcement Initiative (PEI), Education and Outreach Initiatives (EOI); and Fair Housing Organizations Initiatives (FHOI).

## Fair Housing Programs

PEI supports high quality, effective investigations, and testing by private fair housing organizations. While HUD, states, and local agencies handle official administrative complaints of housing discrimination, FHIP grantees investigate individual allegations in a way that is different and complementary to this work. They provide on-the-spot assistance without the lengthy administrative and legal requirements of a formal legal complaint. When necessary, fair housing enforcement organizations do not hesitate to file court cases on behalf of victims of discrimination, often advancing the fair housing law for the nation.

PEI also supports testing to detect and deter housing discrimination as well as to prove allegations of discrimination. FHIP grantees conduct almost all of the fair housing testing in the country and engage in enforcement activities. For example, testing conducted by FHIP-funded organizations recently resulted in settlement of a discrimination case against the owner of an Alabama apartment complex for national origin discrimination. Under the agreement, the owner will adopt non-discriminatory admission policies, develop a plan to market housing opportunities to populations with limited English proficiency in its service areas and provide translation services, and administer fair housing training to its employees and contractors. The agreement covers more than 9,406 units at 264 properties in Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, South Carolina, and Tennessee. In another case, the Department of Justice settled a FHIP testing case involving unequal treatment of black applicants in Valley Cottage, New York with provisions for a victims compensation fund of \$150,000 to compensate victims of racial discrimination, along with provisions for changes in policies, training and the adoption of non discriminatory admission practices. In a third case not based on testing, a Cincinnati landlord agreed to the entry of an \$855,000 civil judgment against him, after admitting that he violated the Fair Housing Act as alleged in a complaint filed by the Justice Department in federal court, based on an investigation by a private fair housing group. The complaint in the Department of Justice lawsuit alleged that the landlord subjected female tenants and applicants for tenancy to unwanted sexual comments and touching, entered the apartments of female tenants without notice or permission, granted tangible housing benefits in exchange for sexual favors and took adverse actions against female tenants when they refused his sexual advances.

A second major initiative, FHOI, supports the establishment of new fair housing organizations in underserved areas. Without this funding, communities such as Indianapolis, Indiana; Dallas, Texas; and Columbia, South Carolina would have no local private fair housing presence. FHOI also enhances the capacity of existing organizations, by supporting enforcement organizations to use an expert architect or economist or supporting fair housing education organizations to add enforcement staff.

Through EOI, FHIP grantees conduct media and other education campaigns on the rights, responsibilities, remedies, and resources available under the Fair Housing Act. Each year the Department awards local and regional grants that funds more than 32,000 local education and outreach efforts, working with people in their own communities to provide information, referrals, education and training on fair housing rights. These organizations also train lenders, housing providers, real estate agents, and others on how to comply with the Fair Housing Act. In addition, the Department awards a national fair housing education and outreach grant to disseminate a broad national fair housing message. The FHIP 2010, national media campaign English/Spanish television spots

## Fair Housing Programs

reached 30,000 airings valued at more than \$4,000,000 and audience impressions of 257,791,990. In addition, Asian television/radio/internet generated 11,058 airings and reached a total of more than 40,000,000 persons and Spanish language airings reached 20,732,200. Within EOI, Fair Housing Accessibility FIRST is a superb mechanism to ensure compliance with the Fair Housing Act. It educates builders, designers, architects, and planners in the Fair Housing Act's accessibility requirements for multifamily housing.

### **Fair Housing Assistance Program**

<b>Fair Housing Assistance Program</b>	<b>2012 Enacted</b>	<b>2013 Annualized CR</b>	<b>2014 Request</b>	<b>Increase/Decrease from 2012</b>
Complaint Processing	\$20,827,000	\$20,954,461	\$20,600,000	-\$227,000
Administrative Costs	3,800,000	3,823,256	2,480,000	-1,320,000
Capacity Building	120,000	120,734	120,000	...
Training	1,800,000	1,811,016	1,200,000	-600,000
Biennial Policy Conference	...	...	200,000	200,000
NFHTA	1,500,000	1,509,180	[1,800,000]	-1,500,000
<b>Total</b>	<b>28,047,000</b>	<b>28,218,648</b>	<b>24,600,000</b>	<b>-3,447,000</b>
*Funding for NFHTA is requested in 2014 as a separate line item. See page 9 for details.				

The FHAP, authorized under 42 U.S.C. 3601, et. seq., provides consistent and dependable funding through partnerships with state and local civil rights enforcement agencies to combat housing discrimination. After thorough HUD review and assistance, FHAP jurisdictions provide rights, remedies, and procedures that are substantially equivalent to the Fair Housing Act. By providing these services locally, FHAP agencies reduce the cost of investigating complaints of discrimination and serve as a vital community resource for housing discrimination and civil rights issues. The presence of a FHAP agency in a community increases the likelihood that a victim of discrimination will file a complaint.

The FHAP provides support to 96 state and local government civil rights agencies for an average cost of less than \$250,000 per agency for pursuing housing discrimination within their jurisdictions. In 2014, a noteworthy impact on complaint processing for expanded classes or affirmatively furthering fair housing is not anticipated. FHAP is critical to assisting individuals and families who believe they have been victims of discrimination. These agencies investigate the majority (80 percent) of the administrative fair

## Fair Housing Programs

housing complaints filed in the country. They plan the investigations, interview parties and witnesses, gather and analyze evidence, facilitate resolution, and render determinations. Further, these agencies ensure compliance with settlement agreements and, where necessary, litigate complaints to address violations. FHAP agencies also conduct education on fair housing and fair lending at events throughout their communities. These agencies often serve as the principal civil rights enforcers in their communities and assist jurisdictions' efforts to affirmatively further fair housing.

One example of a recent FHAP investigation highlights the unique and valuable contributions through FHIP and FHAP. The Fair Housing Center of West Michigan (FHCWM), a FHIP grantee, conducted testing in Holland, Michigan and uncovered discrimination against families with children and men. Based on this evidence, FHCWM filed a complaint with the Michigan Department of Civil Rights (MDCR), a FHAP agency. MDCR conducted an investigation and found the owners of 14 condominiums and 2 apartment buildings had engaged in several discriminatory housing practices over the past 30 years. MDCR negotiated a settlement agreement under which the owners agreed to change their practices, attend fair housing training, affirmatively market available units to families with children to overcome the impact of past discrimination, and provide \$60,000, including \$20,000 to compensate known victims. In addition, they paid \$25,000 for affirmative efforts to counteract the effects of 30 years of discrimination and \$15,000 to cover the Center's actual costs related to the case.

Another huge victory highlights the Utah Antidiscrimination & Labor Division (UALD), which is the Utah FHAP agency, UALD recently obtained a post-judgment settlement of \$3,562,000 on behalf of a developer that proposed building a group home for individuals with disabilities. The developer filed a complaint alleging that the county wrongly denied it a conditional use zoning permit to construct a group home that would provide residential treatment for children with emotional and behavioral problems. After an investigation, UALD determined that the county had not only improperly denied the request, but it also declared a moratorium against all such applications and adopted new zoning and planning ordinances that restricted the placement of group homes to designated commercially zoned areas. When conciliation attempts failed, the county formally appealed UALD's determination to state court. After litigation, and a 3-week bench trial, the court issued a decision against the county, ruling that in passing its restrictive zoning ordinances, the county's actions violated the prohibition of disability discrimination in the Fair Housing Act.

Fair Housing Programs

**National Fair Housing Training Academy (NFHTA)**

<b>National Fair Housing Training Academy</b>	<b>2012 Appropriated *</b>	<b>2013 Annualized CR *</b>	<b>2014 Request</b>	<b>Increase/Decrease from 2012</b>
National Fair Housing Training Academy	[\$1,500,000]	[\$1,509,180]	\$1,800,000	\$1,800,000
<b>Total</b>	<b>[1,500,000]</b>	<b>[1,509,180]</b>	<b>1,800,000</b>	<b>1,800,000</b>
*Funding was provided under FHAP				

Established in 2004, the National Fair Housing Training Academy (NFHTA) provides fair housing and civil rights training to federal, state, and local agencies, educators, attorneys, industry representatives, FHEO staff, and other housing industry professionals. This training conveys information needed to comply with fair housing laws and eliminate housing discrimination. With a faculty composed of some of the foremost experts in fair housing litigation, training, and research, NFHTA brings hands-on experiences to the classroom. The Academy provides investigators with a 5-week certification program which cover such topics as Fair Housing Law and Ethics; Critical Thinking and Investigation; Interviewing Techniques, Standards for Testing Cases and Negotiation Skills for Investigators. Additionally, the Academy offers advanced courses in predatory lending, accessibility, executive leadership, and conciliation. This investment into the future of fair housing and the capacity of fair housing professionals will allow the FHIP and FHAP programs to operate more efficiently and produce cases with larger impacts in coming years.

A 2009 assessment of NFHTA by the Center for Organizational Excellence found that progressive completion of the NFHTA curriculum "positively impact[s] the job performance of FHAP investigators in a way that benefits the organization, primarily in timeliness and quality of case completion." It also found that taking additional NFHTA courses beyond the core curriculum had a continuing positive effect on the timeliness of investigations. The support provided through the Training Academy allows these organizations to spend the recourses they already have to provide better investigations and work smarter and more effectively.

HUD's direction maximizes the impact of the funding through coordination of efforts and provides cost-effective and comprehensive training to ensure a sufficient skill level in all organizations. However, the state, local, and community organizations in FHIP and FHAP tailor the emphasis of their programs to meet the needs and address issues specific to their local jurisdiction.

Fair Housing Programs

**Limited English Proficiency Initiative (LEPI)**

<b>Limited English Proficiency Initiative</b>	<b>2012 Appropriated</b>	<b>2013 Annualized CR</b>	<b>2014 Request</b>	<b>Increase/Decrease from 2012</b>
Limited English Proficiency Initiative	\$300,000	\$301,836	\$500,000	\$200,000
<b>Total</b>	<b>300,000</b>	<b>301,836</b>	<b>500,000</b>	<b>200,000</b>

LEPI is vital to ensuring that individuals who are not proficient in English are aware of their rights, able to understand the terms of leases and other housing-related documents, and able to receive important announcements that affect the health or safety of their households. In addition, the initiative educates HUD-assisted housing providers on their responsibilities under federal law and HUD regulations to ensure that their housing programs and activities are fully accessible to all, regardless of national origin or English proficiency. Finally, this initiative saves HUD staff time, as it helps HUD more efficiently communicate with, and thereby serve, the needs of people who are not fluent in English.

Since Congress initiated the LEPI program in fiscal year 2008 and provided funding in fiscal years 2008 through 2012, the Department has used this funding to translate vital HUD documents such as model leases; fair housing complaint forms; statements of residents’ rights and responsibilities; information on how to become a first-time homeowner and how to avoid loan fraud and foreclosure; and fair housing information for disaster housing providers and survivors. This request will fund not only translation of HUD documents and printing but oral interpretation services at HUD events; oral interpretation for LEP persons seeking to access HUD services by telephone; acquisition of technology that conducts simultaneous oral translation; marketing of HUD’s language access services to the populations that need them; and public education on the availability of and the right to obtain information regarding HUD-funded services in multiple languages.

Without translated documents and oral interpretation services persons with limited English proficiency would not be able to access the Department's programs in the same way as an English speaking person (s). From July 1, 2010 to June 22, 2011, approximately 28,963 unique or new visitors visited the site to view or download translated documents.

## Fair Housing Programs

### **Who do we serve?**

Discrimination cases occur in different types of housing and in many different types of housing transactions. The FHIP program was created to assist people from various demographic and socio-economic backgrounds and to provide independent support for investigations and enforcement by federal, state and local enforcement agencies. The National Fair Housing Alliance, a consortium of fair housing organizations, many of which are supported by FHIP funds, recently released a report, Fair Housing in a Changing Nation, which stated that in 2012, 19.2 percent of complaints investigated by private fair housing organizations alleged race discrimination; 44.3 percent alleged discrimination against a person with a disability; 5.4 percent alleged discrimination against people because of their national origin; and 16.6 percent alleged discrimination against a family because of children. Similarly, in 2012, 30.5 percent of complaints investigated by state and local enforcement agencies alleged racial discrimination; 48.1 percent alleged discrimination against a person with a disability; 12.4 percent alleged discrimination against people because of their national origin; and 14.5 percent alleged discrimination against a family because of children.

### **Staffing and Key Functions**

Affirmatively Furthering Fair Housing activities involve remote and on-site monitoring of HUD funded recipients and conducting associated compliance reviews. This function entails developing policies and procedures for ensuring implementation of, and compliance with, Title VI of the 1964 Civil Rights Act, Section 504 of the 1973 Rehabilitation Act, Title II of the Americans with Disabilities Act, and the Age Discrimination Act, and the Architectural Barriers Act. In fiscal year 2014, Headquarters FTE will review and provide training and technical assistance to support over 160 compliance reviews and field FTE will monitor over 2,700 CPD grantee reviews, over 4,000 PHAs and over 2,000 Section 202/811 activities for compliance with civil rights laws.

#### Salaries and Expenses (S&E) Full-Time Equivalent (FTE) Request

In fiscal year 2014, the overall FHEO program request for S&E is \$5.95 million and 46 FTE for activities associated with the FHAP and the FHIP. This compares to \$6.85 million for S&E and 56 FTEs for FHIP and FHAP enacted in fiscal year 2012. Of the S&E amount in fiscal year 2014, \$5.806 million is requested for personnel services and \$147 thousand is for non-personnel services (NPS).

The fiscal year 2014 request for FHIP is \$2.79 million and 21.4 FTE, compared to \$3.16 million and 26 FTEs enacted in fiscal year 2012. The amount in fiscal year 2014 includes \$87 thousand for NPS. The request for FHAP is \$3.16 million and 24.6 FTE, compared to the fiscal year 2012 enacted amount of \$3.6 million for S&E and FTEs of 29.6. This amount includes \$63 thousand for NPS.

## Fair Housing Programs

### **Workload by Function**

The fiscal year 2014 requested resources for Fair Housing programs will allow for the efficient performance of activities associated with the management and oversight of the competitive FHIP grant activities and provide oversight and management of FHEO's non-competitive funding program.

- 19.4 FTE will be used to review and evaluate over 400 FHIP Grant applications and administer and manage over 200 FHIP Grants. This is 5 FTEs less than fiscal year 2012.
- 2.0 FTE will provide information technology planning and system development.
- 24.6 FTE will be used to review more than 8500 FHAP complaint cases, monitor the performance of and provide technical assistance to 100 FHAP agencies, and assist new FHAP agencies in building their capacity to process housing discrimination complaints. These FTE will absorb the increase in workload associated with adding new protections to the Fair Housing Act, including development of training and technical assistance, providing interpretative guidance and development of remedial approaches.

### **Process Improvements**

Program investments to Fair Housing Activities will allow for the development and implementation of a national guidance manual on monitoring FHIP grants and will improve operating procedures and increase efficiency. It will also support efforts to emphasize and focus on efficient monitoring, to include more training for FHAP agencies recertification and the development of best practices for monitoring a large FHAP volume of complaint loads.

### **3. Why is this program necessary and what will we get for the funds?**

The Department's 2000 Housing Discrimination Study (HDS 2000) found that African Americans experience discrimination in 22 percent of rental transactions and 17 percent of sales transactions. Hispanics also face significant levels of discrimination and experience adverse treatment in approximately 26 percent of rental transactions and 20 percent of sales transactions. Differences in treatment may involve being told a different price, not being told about incentives, being shown fewer units, being discouraged from renting the unit, or wrongly being told that nothing is available. HDS 2000 also found that Asian Americans experience discrimination in sales transactions at similar rates to African Americans and Hispanics, experiencing adverse treatment in approximately 20 percent of sales transactions.

## Fair Housing Programs

HDS 2000 pilot testing for discrimination against Native Americans found that Native Americans renters faced discrimination in 28.5 percent of rental transactions in selected markets.<sup>4</sup> HDS 2000 also measured discrimination against persons with certain types of disabilities, specifically those individuals with hearing impairments using TTY systems and those in wheelchairs in the Chicago area. It was found that such persons with disabilities encountered significant levels of adverse treatment.<sup>5</sup>

Housing is critical to so many aspects of a person's life. Therefore, discrimination has a devastating impact on its victims. Race-based segregation that actively excludes African Americans and other minorities from neighborhoods that offer high quality schools and access to jobs and quality services have helped sustain racial inequalities in the United States. A study on the effect of housing segregation on Latino employment found in cities with greater segregation, employment rates were lower for Latino men, and as the cities that they lived in became more segregated over the 20-year period of the study, their employment rates decreased.<sup>6</sup>

In his book *Closed Doors, Opportunities Lost* (1995), John Yinger sought to quantify the additional amount paid by victims of discrimination for their housing or their search for housing. He estimates that housing discrimination costs African American and Hispanic home-seekers \$4.4 billion every 3 years. This does not include other costs to these households, such as impact on education, transportation, and access to goods and services that result from living in a different neighborhood. Moreover, this does not include the cascading costs that discrimination and segregation have on those communities and on society as a whole. Other more recent studies have focused on health and education disparities and reduced access to health and education services arising from segregated living patterns.

Despite the persistence of discrimination, federally funded fair housing enforcement and education have complimented and reinforced social changes, and thereby have moved the needle significantly in several key aspects. Between the 1989 HDS and the 2000 HDS, adverse treatment relative to white households declined by 12.0 percentage points for black homebuyers, by 7.1 percentage points for Hispanic homebuyers, and by 4.8 percentage points for black renters.

There are four complementary mechanisms by which Congressional appropriations for FHAP, FHIP, and the Fair Housing Training Academy reduce housing discrimination:

1. Detection and remedy of discrimination;
2. Deterrence of willful violators through increased severity, immediacy, or probability of penalties;
3. Education of ignorant violators about their legal responsibilities; and
4. Education of potential victims both to assert their civil rights and to seek remedies.

<sup>4</sup> HUD, "Housing Discrimination Study 2000: Phase 3 – Native Americans", 2003.

<sup>5</sup> HUD, "Housing Discrimination Study 2000: Discrimination Against Persons with Disabilities – Barriers at Every Step", 2005.

<sup>6</sup> Dickerson vonLockette and Jacqueline Johnson, "Latino Employment and Residential Segregation in Metropolitan Labor Markets," *Du Bois Review*, 7(1), 2010.

## Fair Housing Programs

Funding for FHAP agencies and FHIP organizations both contribute substantially to the first two mechanisms, detection and deterrence. The Fair Housing Training Academy enhances the first two factors by increasing the capacity of local partners to improve the timeliness, consistency, and probability of detection and conciliation. Speedy and successful investigations, especially when publicized,<sup>7</sup> strengthen the deterrence of willful violations. FHIP education and outreach efforts primarily operate through the latter two mechanisms, educating landlords/agents, as well as those seeking housing.

In a secondary effect that may not be obvious, factors that increase deterrence also can serve the fourth mechanism and increase the probability of victims seeking assistance. HUD's fair housing awareness survey showed that 80 percent of respondents who had a plausible basis for a discrimination claim nevertheless took no action about the incident. These victims frequently reported that they remained silent because they thought it wasn't worth it or that no good would result. Greater certainty of success would dramatically reduce the silent victimization. According to the authors, "Two-thirds of those who expect that filing a complaint would bring about a good outcome say they would be very likely to file one if they were discriminated against, compared to less than one-fourth of those who do not anticipate good results."<sup>8</sup>

### **4. How do we know that this program works?**

FHIP and FHAP are necessary to overcome housing discrimination in this country. As discussed above, fair housing enforcement operates through several direct and indirect mechanisms to reduce discrimination. The long-term results are seen both in reduced discrimination in HDS studies and in controlled econometric studies. HUD's ongoing HDS 2010 study could possibly find even further declines in discrimination.

Ross and Galster studied variation of enforcement activity between metropolitan areas, and concluded that "higher amounts of state and local enforcement activity supported by HUD through its FHIP and FHAP programs (especially the amount of dollars awarded by the courts) were consistently associated with greater declines in discrimination against black apartment-seekers and home-seekers."<sup>9</sup>

HUD's study of the Fair Housing Initiatives Program (FHIP) from its inception in 1987 through 2006 analyzed the types of grants awarded through the program, the outcomes of cases investigated by recipients, and any difference in outcomes of cases referred by FHIPs with those referred by others. The study found that FHIP organizations fulfill an important role by reducing the number of inquiries that HUD and FHAP agencies receive. Of those cases where FHIP organizations conduct preliminary investigations, 43

<sup>7</sup> Myers, Samuel L., Jr. "Final Report: The Deterrent Effects of Media Accounts and HUD Enforcement on Racial Disparities in Loan Denial Rates." 2007. [http://www.hhh.umn.edu/centers/wilkins/pdf/HUD\\_finalreport\\_march2009.pdf](http://www.hhh.umn.edu/centers/wilkins/pdf/HUD_finalreport_march2009.pdf).

<sup>8</sup> HUD, "Do We Know More Now? Trends in Public Knowledge, Support and Use of Fair Housing Law." 2006.

<sup>9</sup> Ross, Stephen L., and George C. Galster. "Fair Housing Enforcement and Changes in Discrimination between 1989 and 2000: An Exploratory Study." University of Connecticut Working Paper 2005-16, 2005.

## Fair Housing Programs

percent are determined not to have cause and an additional 27 percent are resolved by the FHIP without a referral, 15 percent are referred to HUD or a FHAP. The remainder of 15 percent are litigated or resolved in another venue.

Of the FHIP generated inquiries which are referred to HUD, 90 percent of them become complaints and are investigated, compared with only 38 percent of inquiries brought directly to HUD by a complainant. Additionally, the study estimates that the work of FHIP organizations likely reduced HUD's inquiry workload by nearly one-fourth.<sup>10</sup>

The study also found that FHIP organizations provide useful investigative and testing evidence to support a complaint. When a FHIP organization is involved with a case, the Department consistently reached a cause finding more quickly than it did in cases without FHIP support. This is because FHIP organizations do a significant amount of the investigative work, including testing, to make a determination for cause easier for HUD and FHAP investigators than a case brought independently by a complainant to HUD or a FHAP. FHIP organizations are also the primary source of all testing evidence used to support complaints. FHIP organizations are involved in only 10 percent of the total cases that HUD and the FHAPs investigate, but represent 85 percent of the cases with testing evidence. Finally, the study determined that FHIP organizations play an important role in bringing forth more complex complaints. FHIP organizations are involved (either as a representative or complainant) in 42 percent of the design and construction complaints, 62 percent of familial status complaints, and 55 percent of pattern and practice cases referred to the Department of Justice. These numbers are especially striking considering that FHIPs are only involved in 10 percent of the total cases investigated by HUD and the FHAPs. The findings of this study clearly show that our FHIP partners are fundamental to HUD's ability to aggressively combat discrimination.<sup>11</sup>

FHIP organizations also play a critical role in promoting public awareness to inform people of their rights under the Fair Housing Act. The FHIP study found that the most common education and outreach activities conducted by FHIP organizations include the distribution of education and outreach materials and fair housing training for landlords, apartment managers, and real estate agents.<sup>12</sup> HUD studies on public awareness have found that the majority of the public are knowledgeable about most aspects of the Fair Housing Act, and that between 2001 and 2005 there was a significant increase in overall support of fair housing laws.<sup>13</sup>

In order to prevent waste fraud and abuse in the FHIP, the Department conducts multiple reviews throughout the life of the grant. Firstly, prior to awarding funding, the Department assembles a panel of fair housing experts to review grant applications and select the best organizations for funding. Secondly, during the grant application process, each grantee informs the Department of specific measurable outcomes it will achieve during the course of the grant, and if it receives an award, it reports to the Department

---

<sup>10</sup> HUD, "Study of the Fair Housing Initiatives Program," 2011.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> HUD, "Do We Know More Now?: Trends in Public Knowledge, Support and Use of Fair Housing Law." 2006.

## Fair Housing Programs

quarterly on its progress on these goals. In addition, every year for every grant, the Department conducts a monitoring review of the grantee. This includes reviewing cases, financial records, and testing methodology. If the grantee has failed to comply with proper procedures and grant requirements, the Department initially provides technical assistance to correct the error, but if a problem persists, FHEO will withdraw the grant and the organization's funding. Finally, at the conclusion of the grant the Department conducts a performance assessment of the grantee. This assessment looks at the project management, project outcomes, financial management, and the timeliness of performance. The score given on this final assessment helps determine eligibility for future FHIP grants. Any grantee with poor performance cannot receive funding from the FHIP until the regional office attests that the grantee has resolved its problems.

The Department oversees FHAP agencies to ensure that complainants receive a high-quality investigation, that skilled investigators are handling the case, and that the agency's administration and interpretation of the law furthers civil rights in the community. HUD ensures high-quality investigations by reviewing every complaint investigated by FHAP agencies for timeliness and quality. Based on that review, the program reimburses FHAP agencies up to \$2,600 per complaint, based on the timeliness and quality of the investigation.

Finally, the program ensures that agencies properly document all cases and enforce laws in a way that is substantially equivalent to the Fair Housing Act. HUD conducts on-site performance assessments of FHAP agencies at least once every 2 years. During the performance assessments, HUD determines whether the FHAP agency engages in effective, timely, comprehensive, and thorough fair housing complaint investigation, conciliation, and enforcement activities. These multiple checks on FHAP agencies prevent waste fraud and abuse in the Fair Housing Assistance Program.

As a result of these efforts, FHAP agencies complete their cases efficiently, continually meeting their annual targets for timely processing. In fiscal year 2012, 53 percent of new cases received by FHAP agencies were closed within 100 days and 93 percent of cases opened the previous year closed by the subsequent year. Those that remained open did so because of the complexity of the evidence or the legal arguments or because of adjudication. Throughout these efforts, FHAP agencies consistently obtain positive results for complainants by reaching a determination of reasonable cause to believe that discrimination has occurred in 8 percent of their cases and conciliating another 32 percent of their investigations. In recent years, FHEO has implemented program changes to enhance the quality of FHAP investigations. These changes allow program dollars to go further because better investigations will receive a higher reimbursement. In addition, the Department increased the incentive for quality conciliation agreements with significant monetary and public interest relief. This expands the effect of conciliation agreements negotiated by FHAP agencies because the meaningful public interest relief included assists more people and the significant monetary compensation to victims deters others from engaging in discrimination.

## Fair Housing Programs

The NFHTA contributes substantially to the performance of FHAP investigators. A 2009 assessment of NFHTA by the Center for Organizational Excellence found that progressive completion of the NFHTA curriculum "positively impact[s] the job performance of FHAP investigators in a way that benefits the organization, primarily in timeliness and quality of case completion." The assessment also found that taking additional NFHTA course beyond the core curriculum had a continuing positive effect on the timeliness of investigations. By establishing NFHTA as an independent organization, we will be able to have the same positive effect on the operation and skill of FHIP grantees.

To better assess the effect of these programs, the Department is conducting a national housing discrimination study to produce new national estimates (comparable to Housing Discrimination Study (HDS) 2000 national estimates) of discrimination against African Americans, Hispanics, and Asians in the rental and sales markets using in-person matched-pair testing. Metropolitan estimates will also be produced for African Americans and Hispanic renters in a selected sample of large metro areas using in-person matched-pair testing. Initial findings from HDS 2010 are scheduled to be available in April 2013. Future HDS 2010/2011 studies will address the groups currently protected under federal, state, and local fair housing laws, as well as other forms of discrimination not previously studied in depth, including sexual orientation discrimination, discrimination against families with children, and persons with physical and mental disabilities. As in the past, the data from this testing will allow researchers to analyze the effectiveness of various fair housing enforcement measures and will be used by the Department for targeting education and enforcement initiatives and recommending potential legislative or regulatory reforms.

Fair Housing Programs

**FAIR HOUSING AND EQUAL OPPORTUNITY  
FAIR HOUSING PROGRAMS  
Summary of Resources by Program  
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2012 Budget Authority</u>	<u>2011 Carryover Into 2012</u>	<u>2012 Total Resources</u>	<u>2012 Obligations</u>	<u>2013 Annualized CR</u>	<u>2012 Carryover Into 2013</u>	<u>2013 Total Resources</u>	<u>2014 Request</u>
Fair Housing Initiatives Program ..	\$42,500	\$3,773	\$46,273	\$45,736	\$42,760	\$537	\$43,297	\$44,100
Fair Housing Assistance Program .....	28,047	11,327	39,374	30,838	28,219	8,519	36,738	24,600
Fair Housing Limited English Proficiency Program .....	300	245	545	245	302	300	602	500
National Fair Housing Training Academy .....	...	...	...	...	...	...	...	1,800
Transformation Initiative .....	...	...	...	...	...	...	...	...
<b>Total .....</b>	<b>70,847</b>	<b>15,345</b>	<b>86,192</b>	<b>76,819</b>	<b>71,281</b>	<b>9,356</b>	<b>80,637</b>	<b>71,000</b>

Fair Housing Programs

**FAIR HOUSING AND EQUAL OPPORTUNITY  
FAIR HOUSING PROGRAMS  
Appropriations Language**

Below is the italicized appropriations language for the Fair Housing and Equal Opportunity account.

*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, \$71,000,000, to remain available until September 30, 2015, of which \$44,100,000 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, of the 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.*

Note.—A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Resolution, 2013 (P.L. 112–175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution.