

**FAIR HOUSING AND EQUAL OPPORTUNITY
FAIR HOUSING PROGRAMS
2015 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>
2013 Appropriation	\$70,847	\$9,769 ^{a/}	-\$3,706	\$76,910	\$58,619	\$73,484
2014 Appropriation/Request	66,000	18,264	...	84,264	83,000	71,000
2015 Request	<u>71,000^b</u>	<u>1,264</u>	<u>...</u>	<u>72,264</u>	<u>71,000</u>	<u>72,000</u>
Program Improvements/Offsets	+5,000	-17,000	...	-12,000	-12,000	+1,000

a/ Includes \$85 thousand of collections from the National Fair Housing Training Academy and \$328 thousand of actual recaptures.

b/ This number includes an estimated Transformation Initiative (TI) transfer that may be up to 0.5 percent or \$15 million, whichever is less, of Budget Authority.

1. What is this request?

For fiscal year 2015, the Department requests \$71 million for Fair Housing programs, a \$5 million increase from the fiscal year 2014 enacted amount. This request includes \$45.6 million for the Fair Housing Initiatives Program (FHIP); \$23.3 million for the Fair Housing Assistance Program (FHAP); \$1.8 million for the National Fair Housing Training Academy (NFHTA); and \$300 thousand for the Limited English Proficiency Initiative (LEPI).

The fiscal year 2015 request for FHIP provides an increase of \$5.5 million from fiscal year 2014. This will support testing to respond to the results of HUD's recent Housing Discrimination studies (HDS). Due to fewer agencies in the FHAP, the Department decreased the request for FHAP by \$500 thousand, excluding the NFHTA, from fiscal year 2014. The request for the NFHTA is level with the fiscal year 2014 enacted amount, but breaks it out into a separate program. Lastly, the LEPI is level with the 2014 enacted amount.

The implementation of the Affirmatively Furthering Fair Housing (AFFH) rule requires that FHEO provide technical assistance, review, and report on the fair housing assessments of every entitlement jurisdiction and Public Housing Authority funded by FHEO. This staff will be responsible for a range of activities, including providing direct technical assistance to CPD grant recipients; reviewing, commenting on Assessment of Fair Housing submitted by Community Planning and Development recipients and PHAs and Consolidated Plans from PHAs. This staff will also prepare guidance and conduct trainings on the new rule. This initiative will serve over 1,200 state and local jurisdictions that receive Community Development Block Grant funds and an additional 300 estimated PHAs.

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In fiscal year 2015, HUD's fair housing programs will accomplish the following to support the Department's strategic goal of Building Inclusive and Sustainable Communities Free from Discrimination:

- Investigate at least 8,000 administrative complaints of housing or lending discrimination through FHAP, approximately the same number as in fiscal year 2014 and another 21,000 independent FHIP investigations into allegations of rental, sales, lending, or insurance discrimination, up 1,000 from approximately 20,000 estimated in fiscal year 2014.
- 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.
- Conduct national, regional and local housing discrimination tests to follow up on the Department's studies of housing discrimination. HUD is investing \$26 million to support housing discrimination studies over a three year period, including \$9 million for the Housing Discrimination Study released in June 2013, "Housing Discrimination Against Racial and Ethnic Minorities," available at http://www.huduser.org/Publications/pdf/HUD-514_HDS2012.pdf
- Educate more than one million people about their right to housing and lending free from discrimination and what to do if their 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.

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 AFFH 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.

On July 19, 2013, the Department published the proposed rule on "Affirmatively Furthering Fair Housing." The proposed rule refines existing requirements so the individuals, organizations, and state and local governments implementing HUD programs better understand their requirements under the Fair Housing Act and have the tools they need to Affirmatively Further Fair Housing, ensuring that every American has the opportunity to live in the community of their choice without facing discrimination. Under the

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proposed new rule, HUD will provide program participants with a more clearly articulated definition of what it means to affirmatively further fair housing; and; nationally uniform data and a geospatial tool; The Department expects to issue a final rule in 2014.

The FHEO Salaries and Expenses (S&E) request in this program justification for fiscal year 2015 is \$7.8 million, of which \$7.7 million is for Personnel Services (PS) and \$149 thousand is for Non-Personnel Services (NPS). The request is for 59.6 FTE's for activities associated with the FHAP and the FHIP. This compares to \$8.1 million for S&E and 63.1 FTEs for FHIP and FHAP enacted for fiscal year 2014. Please see the justification "Salaries and Expenses – FHEO" for further details.

2. What is this program?

HUD's fair housing programs each 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 prevent discrimination and affirmatively further fair housing. Though Title VIII of the Civil Rights Act of 1968 outlawed housing discrimination more than 45 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 4.0 million people every year are victims of discrimination.¹

The FHIP, the FHAP, and the NFHTA address housing discrimination and its long term consequences and 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 redress injuries to victims, prevent housing discrimination and eliminate segregation.

The FHAP provides much needed support to approximately 90 state and local government civil rights agencies to investigate housing discrimination within their jurisdictions. In recent years, several small, local FHAP agencies that process fewer than five complaints per year have closed or lost their FHAP status due to state and local budget issues and/or not meeting HUD performance standards. In all of these circumstances, there was a larger state FHAP agency that covered the local jurisdiction. Accordingly, future complaints that would have been processed by the closed agency have been absorbed by the state FHAP agency. The FHAP is critical to assisting individuals and families who believe they are victims of discrimination. These agencies investigate more than three-fourths of the formal housing discrimination complaints filed each year.

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 investigations that complement the work of HUD and FHAP agencies.

¹ National Fair Housing Alliance, 2013 Fair Housing Trends Report; Modernizing the Fair Housing Act for the 21st Century, 2013.,

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FHIP agencies also conduct education and outreach activities that help inform people of their rights under the Fair Housing Act, as well as educate the housing industry about compliance with the Fair Housing Act.

The NFHTA further enhances fair housing work in the country. Through its one-of-a-kind fair housing training tailored to fair housing investigators, administrators, and testers, the NFHTA provides advanced courses as well as a 5-week certification program for fair housing investigators. Finally, LEPI ensures that individuals are aware of their housing rights and able to assert them, regardless of the language they may speak.

Fair Housing Initiatives Program

Fair Housing Initiatives Program	2013 Enacted	2014 Enacted	2015 Request	Increase/Decrease From 2014
Private Enforcement Initiative	\$24,765,000	\$29,275,000	\$31,600,000	+\$2,325,000
Education and Outreach Initiative	4,571,000	6,250,000	8,000,000	+1,750,000
Fair Housing Organization Initiative	9,940,000	3,575,000	5,000,000	+1,425,000
FIRST	1,000,000	1,000,000	1,000,000	...
Total	40,276,000	40,100,000	45,600,000	+5,500,000

The Fair Housing Initiatives Program (FHIP) 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 nation 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 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).

PEI supports high quality, effective investigations, and testing by private fair housing organizations in more than 120 communities. 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.

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Using PEI funds, FHIP agencies often lead the nation in pursuing cutting edge fair housing cases. For example, in fiscal year 2013, HUD signed a \$39 million settlement with Wells Fargo Bank, resolving allegations that the bank failed to market and maintain real estate owned (REO) properties that it owned, serviced, or held in trust after foreclosure in Black and Hispanic neighborhoods, compared to those in White neighborhoods. The initial complaint was brought to HUD by the National Fair Housing Alliance (NFHA), a FHIP grantee, and other fair housing groups after they did their own independent investigation. Under the settlement, Wells Fargo will invest a total of \$39 million in grants to non-profit organizations and municipal entities to support home ownership, neighborhood stabilization, property rehabilitation, and housing development in 45 communities across the country. Wells Fargo will also develop new best practices and conduct trainings related to REO properties.

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, a series of tests conducted by the Fair Housing Center of Metropolitan Detroit (FHC), a FHIP grantee, resulted in a \$100,000 settlement of a discrimination case against the owner of a 330-unit apartment complex in Detroit, MI for discrimination against families with children and African Americans. Approximately \$3.5 million of PEI funds will be used to conduct national and regional testing to follow up on the findings of the Department's recent studies into housing discrimination based on race, national origin, disability, and familial status.

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 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 fund 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. As a separate education program, Fair Housing Accessibility FIRST is a superb mechanism to ensure compliance with the Fair Housing Act. It educates builders, designers, architects, and planners on the Fair Housing Act's accessibility requirements for multifamily housing.

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Fair Housing Assistance Program

	2013 Enacted	2014 Enacted	2015 Request	Increase/Decrease from 2014
Fair Housing Assistance Program				
Complaint Processing	\$12,449,000	\$19,800,000	\$19,500,000	\$-300,000
Administrative Costs	3,524,000	2,480,000	2,480,000	...
Capacity Building	120,000	120,000	120,000	...
Training	986,000	1,200,000	1,200,000	...
Biennial Policy Conference	...	200,000	...	-200,000
Partnership Funding	8,000,000	.....	...	....
NFHTA	1,500,000	1,800,000	[1,800,000]	\$-1,800,000
Total	26,579,000	25,600,000	23,300,000	-2,300,000

*Funding for NFHTA is requested in fiscal year 2015 as a separate line item. See page 8 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. 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 90 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. 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 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.

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National Fair Housing Training Academy (NFHTA)

National Fair Housing Training Academy	2013 Enacted*	2014 Enacted *	2015 Request	Increase/Decrease from 2014
National Fair Housing Training Academy	[\$1,500,000]	[\$1,800,000]	\$1,800,000	+\$1,800,000
Total	[\$1,500,000]	[\$1,800,000]	1,800,000	\$1,800,000
*Funding was provided under FHAP				

The Budget request for the National Fair Housing Training Academy (NFHTA) will allow the Department to provide 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.

Established in 2004, 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 covers 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 NFHTA 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.

NFHTA offers these various courses on a fee basis established by course and per participant. The tuition fees paid by students who attended the academy are deposited to the HUD Accounting Center in Fort Worth on a monthly basis and are reinvested in the Academy’s operations. The fees will be used for curriculum development. New classroom and online courses will be developed for new audiences, including community organizations, state and entitlement jurisdictions, attorneys, housing counseling agencies and other stakeholders. Strategic marketing of the NFHTA and the ability to provide new and up-to-date courses, especially on-line to new targeted audiences, will generate revenue over a period of time to help sustain the NFHTA.

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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 resources they already have to provide better investigations and work smarter and more effectively.

Limited English Proficiency Initiative (LEPI)

Limited English Proficiency Initiative	2013 Enacted	2014 Enacted	2015 Request	Increase/Decrease from 2014
Limited English Proficiency Initiative	\$284,208	\$300,000	\$300,000	\$-0-
Total	284,208	300,000	300,000	\$-0-

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 2014, 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).

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Who do we serve?

Discrimination occurs 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.

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

The Department's Housing Discrimination Against Racial and Ethnic Minorities (HDS)² study in 2012 found that real estate agents and rental housing providers recommend and show fewer available homes and apartments to minority families, thereby increasing their costs and restricting their housing options. The HDS found that there were no "worst performing areas", meaning discrimination was pretty consistent across the nation and supports the notion that housing discrimination is a national, not a regional, phenomenon. The Executive Summary for this study can be viewed at http://www.huduser.org/portal/Publications/pdf/HUD-514_HDS_2012_execsumm.pdf.

Details from the study of ethnic discrimination are below:

African American

- African American renters who contact agents about recently advertised housing units learn about 11 percent fewer available units and are shown roughly 4 percent fewer units.
- African American homebuyers who contact agents about recently advertised homes for sale learn about 17 percent fewer available homes and are shown about 18 percent fewer homes.

² Housing Discrimination Against Racial and Ethnic Minorities, (2012) at page 13, available at http://www.huduser.org/Publications/pdf/HUD-514_HDS2012_execsumm.pdf

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Asian American

- Asian American renters who contact agents about recently advertised housing units learn about 10 percent fewer available units and are shown nearly 7 percent fewer units.
- Asian American homebuyers who contact agents about recently advertised homes for sale learn about 15 percent fewer available homes and are shown nearly 19 percent fewer homes.

Hispanic

- Hispanic renters who contact agents about recently advertised housing units learn about 12 percent fewer available units and are shown roughly 7 percent fewer units.
- The difference in treatment for Hispanic homebuyers is not statistically significant.

It is notable that the 2012 Housing Discrimination Study recommended follow up testing so that enforcement strategies do not rely primarily on individual complaints of suspected discrimination. It recommended that HUD encourage the local fair housing organizations it funds to conduct more proactive testing.³ This proposal responds to that recommendation.

Discrimination has a costly impact on its victims. HUD's recent HDS found that "although the most blatant forms of housing discrimination (refusing to meet with a minority homeseeker or provide information about any available units) have declined since the first national paired-testing study in 1977, the forms of discrimination that persist (providing information about fewer units) raise the costs of housing search for minorities and restrict their housing options." The study found that discrimination increases the duration of the search, constrains the housing choices of homeseekers and can result in higher costs for individual applicants.

Housing is critical to 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.⁴ 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

³ Id.

⁴ Dickerson vonLockette and Jacqueline Johnson, "Latino Employment and Residential Segregation in Metropolitan Labor Markets," *Du Bois Review*, 7(1), 2010.

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working by 6.2 percentage points.⁵ Racial segregation has also been identified as having a negative effect on communities' economic growth as well as on individual skill sets.⁶ 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.

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. 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.

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,⁷ 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."⁸

⁵ Cutler, David M. and Edward Glasser, "Are Ghettos Good or Bad?" *The Quarterly Journal of Economics*, August 1997.

⁶ Li Huiping, Campbell, Harrison, Fernandez, Steven, "Residential Segregation, Spatial Mismatch and Economic Growth across US Metropolitan Areas," (2013) available at <http://usj.sagepub.com/content/50/13/2642>

⁷ 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.

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

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4. How do we know 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. HDS 2012 found continued evidence of discrimination against Black and Asian homeseekers, although reduced from prior studies. 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.”⁹

In 1977, HUD’s first national study of discrimination against African Americans detected high levels of blatant rental and sales discrimination in both rental and sales markets. In 1989 HUD conducted another HDS measuring discrimination against Hispanics as well as blacks. This study again found high levels of discriminatory treatment in both rental and sales markets nationwide.

However HUD’s HDS2000, found that while still significant, levels of discrimination against African American and Hispanic buyers and African American renters decreased since 1990, unfortunately discrimination against Hispanic renters remained constant. HDS 2000 also looked at discrimination against Asian Americans. HUD’s study Housing Discrimination Against Racial and Ethnic Minorities 2012 assessed discrimination against well-qualified African American, Hispanic, and Asian American renters.

Due to changes in housing markets, sampling methods, and testing protocols, results from HUD’s four decennial paired-testing studies cannot be precisely compared. But they do provide a qualitative picture of trends in the adverse treatment of minority homeseekers. In particular, it shows that blatant “door slamming” discrimination when an African American or Hispanic renter is told that an advertised unit is unavailable declined significantly in 1989 and has continued to decline since then.

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 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 remaining 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. This is because of the weeding out of cases discussed in

⁹ 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.

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the paragraph above. Additionally, the study estimates that the work of FHIP organizations likely reduced HUD's inquiry workload by nearly one-fourth.¹⁰

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.¹¹

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.¹² HUD studies on public awareness have found that the majority of the public is 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.¹³ For example, support improved by 9 percentage points for opposing restricting home sales based on race, and 8 percentage points for opposing real estate agents limiting client home searches based on neighborhood racial composition. In some areas, such as discrimination in the amount paid for a downpayment, approximately 85% of the public disapproved of the discriminatory treatment. Public disapproval of racial discrimination in real estate sales rose by 9 percentage points between 2000 and 2005, for example, from 79 percent to 88 percent.

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

¹⁰ HUD, "Study of the Fair Housing Initiatives Program," 2011.

¹¹ Ibid.

¹² Ibid.

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

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measurable outcomes it will achieve during the course of the grant, and if it receives an award, it reports to the Department 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 FHAP.

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 additional national housing discrimination studies of discrimination against families with children, and persons with physical disabilities, persons with mental disabilities and source of income. 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.

Plans to Improve this Program Via IT Investment

The HUD Enforcement Management System (HEMS) within the Regulatory, Legislative, and Enforcement segment of HUD's IT Fund supports the program activities in this budget. HEMS provides the automated support for FHEO's investigative and program compliance work. Through the implementation of the consolidated HEMS, the time required to create case documents for the FHEO complaint process should be reduced. More details on the systems that support FHEO can be found in the Information Technology Fund justification.

Fair Housing Programs

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

<u>Budget Activity</u>	<u>2013 Budget Authority</u>	<u>2012 Carryover Into 2013</u>	<u>2013 Total Resources</u>	<u>2013 Obligations</u>	<u>2014 Budget Authority/ Request</u>	<u>2013 Carryover Into 2014</u>	<u>2014 Total Resources</u>	<u>2015 Request</u>
Fair Housing Initiatives Program ..	\$40,277	\$849	\$41,126	\$39,175	\$40,100	\$1,950	\$42,050	\$45,600
Fair Housing Assistance Program	26,580	8,535	35,115	19,159	25,600	16,030	41,630	23,300
Fair Housing Limited English Proficiency Program	284	300	584	285	300	284	584	300
National Fair Housing Training Academy .....	...	85	85	...	...	...	...	1,800
Transformation Initiative (transfer)	...	...	...	...	...	...	...	[355]
Total	67,141	9,769	76,910	58,619	66,000	18,264	84,264	71,000

NOTES: The carryover into fiscal year 2013 includes recaptures of \$328 thousand.

Fair Housing Programs

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

The fiscal year 2015 Budget includes proposed changes in the appropriation 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, [~~\$66,000,000~~] *\$71,000,000*, to remain available until September 30, [~~2015~~]*2016*, of which [~~\$40,100,000~~] *\$45,600,000* 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 of the funds made available under this heading, \$300,000 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, 2014.*)