

**FAIR HOUSING AND EQUAL OPPORTUNITY
FAIR HOUSING PROGRAMS
2016 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>
2014 Appropriation	\$66,000	\$18,805 ^a	...	\$84,805	\$73,176	\$63,107
2015 Appropriation	65,300	12,249 ^b	...	77,549	76,000	71,000
2016 Request	<u>71,000^c</u>	<u>1,549^b</u>	<u>...</u>	<u>72,549</u>	<u>70,000</u>	<u>71,000</u>
Program Improvements/Offsets	+5,700	-10,700	...	-5,000	-6,000	...

a/ The fiscal year 2014 carryover includes \$335 thousand of recaptures and \$206 thousand of fees collected for the National Fair Housing Training Academy.

b/ The fiscal years 2015 and 2016 carryovers both include \$635 thousand of anticipated fee collections.

b/ The fiscal year 2015 carryover does not include \$10 thousand of expired funds and \$3 thousand of NFHTA fees.

c/ The 2016 request includes an estimated transfer to the Transformation Initiative (TI) account of \$540 thousand of Budget Authority.

1. What is this request?

For fiscal year 2016 the Department requests for Fair Housing Programs \$71 million, a \$5.7 million increase from the fiscal year 2015 enacted amount.

Fair Housing Programs

Fair Housing Activity	FY 20 14 Enacted	FY 2015 Enacted	FY 2016 Request	Increase/Decrease From FY 2015
Fair Housing Assistance Program (FHAP)	\$24,100,000	\$23,300,000	\$23,300,000	0
Fair Housing Initiatives Program (FHIP)	40,100,000	40,100,000	45,600,000	5,500,000
Limited English Proficiency	300,000	300,000	300,000	0
National Fair Housing Training Academy (NFHTA)	1,500,000	1,600,000	1,800,000	200,000
Program Total	\$66,000,000	\$65,300,000	\$71,000,000	5,700,000

There is also an amount of \$540 thousand of Budget Authority to be taken out of the amounts above in fiscal year 2016, which will be transferred to the Transformation Initiative (TI).

The Fair Housing Initiatives Program (FHIP) requests a funding level of \$45.6 million, up \$5.5 million from fiscal year 2015.

Fair Housing Initiative Program (FHIP)	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request	Increase/Decrease From FY 2015
Private Enforcement Initiative	\$29,275,000	\$29,275,000	\$34,775,000	5,500,000
Education and Outreach Initiative	6,750,000	7,450,000	7,450,000	0
Fair Housing Organizations Initiative (FHOI)	3,575,000	2,875,000	2,875,000	0
FIRST	500,000	500,000	500,000	0
Activity Total	\$40,100,000	\$40,100,000	\$45,600,000	5,500,000

Fair Housing Programs

This level will provide:

- Support for fair housing enforcement and education; continuing to support approximately 90 statutorily eligible private fair housing organizations in investigating complaints, conducting testing and supporting local compliance with the Fair Housing Act;
- Support for the formation of one or more new private fair housing organizations;
- Support a variety of education and outreach activities including a national media campaign;
- Support to continue operation of the Fair Housing FIRST project which trains industry professionals on the design and construction requirements of the Fair Housing Act; and
- Funding of \$5 million for national and/or regional testing to support possible enforcement to follow-up the Housing Discrimination Study Testing.

The Fair Housing Assistance Program (FHAP) requested funding level is \$23.3 million, the same as fiscal year 2015.

Fair Housing Assistance Program (FHAP)	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request	Increase/Decrease From FY 2015
Complaint Processing	\$20,100,000	\$19,100,000	\$19,100,000	0
Administrative Costs	2,480,000	2,780,000	2,780,000	0
Training	1,200,000	1,300,000	1,300,000	0
Capacity Building	120,000	120,000	120,000	0
Policy Conference	200,000	0	0	0
Activity Total	\$24,100,000	\$23,300,000	\$23,300,000	0

Fair Housing Programs

This level will provide:

- Funding to nearly 90 state and local government civil rights agencies to investigate and prosecute housing discrimination within their jurisdictions;
- Detection and remedy of discrimination;
- Deterrence of willful violators through increased severity, immediacy, or probability of penalties;
- Education of ignorant violators about their legal responsibilities; and
- Education of potential victims both to assert their civil rights and to seek remedies.

The National Fair Housing Training Academy (NFHTA) requested funding level is \$1.8 million, up \$200 thousand from fiscal year 2015.

National Fair Housing Training Academy (NFHTA)	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request	Increase/Decrease From FY 2015
NFHTA	\$1,500,000	\$1,600,000	\$1,800,000	200,000

This level will provide consistent national training on fair housing and conciliation techniques for Fair Housing Assistance Program (FHAPs) agencies, HUD, and other fair housing organizations through a managed training curriculum. The training helps to ensure that the performance of these investigators meets national standards and that training is provided at a single point of contact nationally.

The Limited English Proficiency Initiative (LEPI) requested funding level is \$300,000, the same as fiscal year 2015.

Limited English Proficiency Initiative (LEPI)	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request	Increase/Decrease From FY 2015
LEPI	\$300,000	\$300,000	\$300,000	0

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This funding level will support existing HUD-wide LEP services and allow FHEO to continue providing the LEP population meaningful access to HUD housing, services, and programs through the procurement of new media services.

Program Outcomes:

- FHAP agencies consistently obtain positive results for complainants by reaching a determination of reasonable cause when discrimination has occurred in close to 7 percent of their cases and conciliating another 20 percent of their investigations. Throughout these efforts, FHAP agencies complete their cases efficiently--- in fiscal year 2014, about 54 percent of cases closed by FHAP agencies were closed within 100 days.
- Studies have shown that funding FHIP agencies increase the quality of fair housing complaints that are filed. The study also found that 63 percent of cases filed by FHIP groups and closed between fiscal years 2003 and 2005, resulted in conciliations and settlements, and 36 percent of the cases from individuals referred by FHIP funded entities resulted in conciliations and settlements with relief for individuals. FHIP-referred cases also had a higher cause finding rate, and FHIP-referred cases ending in a cause finding took less time to complete. These findings are likely a result of FHIPs evaluating inquiries and developing complaints, and providing crucial testing evidence to support complaints.
- The LEPI program will provide increased access for individuals with limited English proficiency, by providing translated materials and access to HUD programs through more new media platforms.

2. What is this program?

Fair Housing Initiatives Program

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. 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).

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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. 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.

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.

Fair Housing Assistance Program

The Fair Housing Assistance Program (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 nearly 90 state and local government civil rights agencies to investigate and prosecute 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

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to ensure compliance with fair housing laws, and, where necessary, litigate complaints to address violations. FHAP agencies also conduct education on fair housing and fair lending at events throughout their communities.

National Fair Housing Training Academy

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. 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. NFHTA provides investigators with a 5-week certification program and 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.

Limited English Proficiency Initiative

Limited English Proficiency Initiative (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.

Key Populations this Program targets/serves

While services are open and available to everyone, the primary beneficiaries of FHIP and FHAP are overwhelmingly low-income, minorities and persons with disabilities that receive the benefit of local investigation of their complaints of housing discrimination. NFHTA provides direct training to fair housing investigators at government agencies and nonprofit organizations, the instruction then carries over to benefit all people in this country who avail themselves of these services. LEPI primarily serves new immigrants who are low income.

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

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.

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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. 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

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.² Racial segregation has also been identified as having a negative effect on communities' economic growth as well as on individual skill sets.³ 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 National 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

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

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

³ 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>

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when publicized,⁴ 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.

FHIP and FHAP are necessary to overcome housing discrimination in this country. 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."⁵

During fiscal year 2014, FHIP funded organizations filed almost 20 percent of the systemic discrimination cases investigated by HUD, and filed almost 750 complaints. FHAP agencies originated about 51 percent of the fair housing complaints filed nationally and investigated almost 80 percent of the complaints.

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 supports effective investigation and conciliation of fair housing cases.

Finally, LEPI ensures that individuals are aware of their housing rights and able to assert them, regardless of the language they may speak.

4. How do we know this program works?

The Department's Housing Discrimination against Racial and Ethnic Minorities (HDS)⁶ 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. However the study also showed that FHIP and FHAP are having an effect, finding that, "long-term trends in patterns of discrimination suggest that the attitudes and actions of rental and sales agents have changed over time, and that fair housing enforcement and public education are working." The 2012 Housing Discrimination Study (HDS) recommended follow-up testing and enforcement so that enforcement strategies do not rely primarily on individual complaints of

⁴ 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.

⁵ 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.

⁶ 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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suspected discrimination. It recommended that HUD encourage the local fair housing organizations it funds to conduct more proactive testing.⁷

Studies of the effectiveness of FHIP have shown that FHIP agencies increase the number and quality of fair housing complaints that are investigated. A study of FHIP-referred complaints to HUD and FHAP agencies found that 90 percent of FHIP generated inquiries that are referred to HUD are converted to complaints. The study also found that for cases closed between fiscal year 2003 and fiscal year 2005 where a FHIP funded organization was a complainant, 63 percent were conciliated and settled, and for cases where a FHIP-funded organization represented a complainant, 36 percent of the cases were conciliated and settled. Moreover, FHIP-referred cases also had a higher cause finding rate, and FHIP-referred cases ending in a cause finding took less time to complete. These findings are likely a result of FHIPs evaluating inquiries and developing complaints, and providing crucial testing evidence to support complaints.

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.

In order to ensure the efficiency and effectiveness of FHIP, the Department conducts multiple reviews throughout the life of the grant. First, 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 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. Further, FHIP's new performance monitoring process helps assure consistent numbers of outcomes and improved quality of performance. Organizations with poor performance and a demonstrated inability to improve are ineligible for continued funding; however, a FHIP-funded program also improves the capacity of PEI organizations to

⁷ Id.

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perform enforcement related activities. Education and outreach products created with FHIP funding including those funded through the national media grant will be included in a new national fair housing education Clearinghouse to be released by HUD during fiscal year 2015.

Increased FHIP funding will be tied to performance measures currently in development and will result in substantial increases in the documented level of performance on multiple indicators. Increases in the areas of numbers of persons assisted, number of educational activities conducted, number of test parts, numbers of systemic investigations and numbers of complaints settled with relief for individuals are expected.

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, as well as providing state and local FHAP agencies with administrative support and training funds. 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 and that all program requirements are being met. These multiple checks on FHAP agencies prevent waste fraud and abuse in the FHAP.

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.

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

<u>Budget Activity</u>	<u>2014 Budget Authority</u>	<u>2013 Carryover Into 2014</u>	<u>2014 Total Resources</u>	<u>2014 Obligations</u>	<u>2015 Budget Authority</u>	<u>2014 Carryover Into 2015</u>	<u>2015 Total Resources</u>	<u>2016 Request</u>
Fair Housing Initiatives Program ..	\$40,100	\$2,285	\$42,385	\$40,370	\$40,100	\$2,003	\$42,103	\$45,600
Fair Housing Assistance Program	24,100	15,937	40,037	30,727	23,300	9,311	32,611	23,300
Fair Housing Limited English Proficiency Program	300	284	584	284	300	300	600	300
National Fair Housing Training Academy	1,500	299	1,799	1,795	1,600	635	2,235	1,800
Transformation Initiative (transfer)	[540]
Total	66,000	18,805	84,805	73,176	65,300	12,249	77,549	71,000

NOTES:

1. The fiscal year 2014 carryover for FHIP includes \$335 thousand of actual recaptures and the NFHTA carryover includes \$206 thousand in tuition collections in fiscal year 2014.
2. The fiscal year 2014 carryover into fiscal year 2015 does not include \$3,000 in fee collections.
3. The fiscal years 2015 and 2016 carryovers both include \$635 thousand of anticipated fee collections.
4. The fiscal year 2016 request includes an estimated transfer to the Transformation Initiative (TI) account of \$540 thousand of Budget Authority.

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FAIR HOUSING AND EQUAL OPPORTUNITY FAIR HOUSING PROGRAMS Appropriations Language

The fiscal year 2016 President's 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, [~~\$65,300,000~~] *\$71,000,000*, to remain available until September 30, [~~2016~~]*2017*, 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, 2015.*)