

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
PROGRAM OFFICE SALARIES AND EXPENSES
OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY**

(Dollars in Thousands)

	FY 2016 Actuals	FY 2017 Annualized CR	FY 2018 President's Budget
Personnel Services	\$64,180	\$65,910	\$66,089
Non-Personnel Services			
Travel	1,262	1,045	925
Rent and Utilities	3	2	2
Printing	7	6	5
Other services/Contracts	2,340	4,532	500
Training	912	345	345
Supplies	17	23	23
Grants and Subsidies	1,500		
Non-Personnel Services Subtotal	\$6,041	\$5,953	\$1,800
Working Capital Fund (WCF)			\$1,919
Grand Total	\$70,221	\$71,863	\$69,808
Associated FTE	484.0	495.3	484.8

1. Program Purpose and Fiscal Year 2018 Budget Overview

The Office of Fair Housing and Equal Opportunity's (FHEO) mission is "To eliminate housing discrimination, promote economic opportunity, and achieve diverse, inclusive communities by leading the nation in the enforcement, administration, development, and public understanding of federal fair housing policies and laws." FHEO's cardinal duty, therefore, is to create equal housing and credit opportunities for all persons living in America, which it does by administering laws that prohibit housing discrimination on the basis of race, color, religion, sex, national origin, age, disability, and familial status.

FHEO is statutorily obligated to investigate, conciliate, and when appropriate, administratively enforce several Federal Civil Rights Statutes, including inter alia, Title VI of the Civil Rights Act of 1964 (Title VI); Title VIII of the Civil Rights Act of 1968, as amended in 1988 (Title VIII); and Section 504 of the Rehabilitation Act of 1973. In addition to FHEO processing well over 1,000 complaints per year, the Office also oversees 8,500 complaint investigations conducted annually by approximately 89 state and local government Fair Housing Act enforcement agencies which are funded through the Fair Housing Act Assistance Program (FHAP). FHEO also

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administers and oversees the Fair Housing Initiatives Program (FHIP) funding more than 150 private fair housing groups and non-profits nationally which provide direct assistance to individuals who feel they have been discriminated against while attempting to purchase or rent housing. By funding entities through FHAP and FHIP, the Department not only ensures enforcement of several Federal Statutes, but also promotes State and local control in concerns relating to their communities.

Section 3 of the Housing and Urban Development Act of 1968 is a provision that helps foster local economic development, neighborhood economic improvement, and individual self-sufficiency. Section 3 requires that recipients of certain HUD financial assistance, to the greatest extent feasible, provide job training and employment, and contracting opportunities for low- or very-low income residents and to businesses that substantially employ those persons in connection to projects and activities in their neighborhoods. From this integral foundation coupled with other resources, Section 3 is thus a starting point to obtain job training, employment and contracting opportunities which lead to economic advancement and self-sufficiency. FHEO enforces Section 3 across all applicable HUD-funded programs, and provides oversight and technical assistance to local housing authorities and community development agencies to ensure that HUD investments result in these important economic opportunities for low- income individuals, public housing residents, and the businesses that employ them.

FHEO is the lead enforcement Office for ensuring that the Department and recipients of HUD funding comply with the Fair Housing Act, which affects nearly every program in the Department. FHEO recognizes the greater role of State and local government in addressing their community needs. FHEO is currently providing extensive technical assistance to many local governments and public housing authorities as they assess fair housing issues in their jurisdictions and develop local plans to address disparities in access to economic opportunity, healthy environments, educational access, and affordable housing; all of which increase families' opportunities to become self-sufficient.

Authorized by Congress under the Fiscal Year 2012 HUD Appropriations Act, the Rental Assistance Demonstration (RAD) allows public housing agencies (PHAs) and owners of other HUD-assisted properties to convert units from their original sources of HUD financing to project-based Section 8 contracts. By drawing on an established industry of lenders, owners, and stakeholders, RAD allows PHAs and owners of HUD-assisted housing to preserve and improve affordable housing units that otherwise may drop out of the inventory due to disrepair and/or other factors. RAD provides greater funding certainty for potential lenders and increased operational flexibility and local decision-making for PHAs and owners to serve their communities. FHEO plays a critical role in this increasingly important Departmental priority. FHEO's civil rights reviews of RAD conversions consists of performing a range of activities throughout the conversion process; this includes site and neighborhood, PHA Plan, threshold, accessibility and relocation reviews, as well as Affirmative Fair Housing Marketing Plan (AFHMP) reviews, requirements necessary prior to any RAD deal being approved. As the RAD demonstration's success and size grows, this activity continues to represent an expanding FHEO function as well.

The fiscal year 2018 President's Budget of \$69,808K is \$2,055K less than the fiscal year 2017 Annualized CR level. This total includes \$1,919K for FHEO's allocation towards the Working Capital Fund (WCF).

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Personnel Services (PS): FHEO requests \$66,089K and 484.8 Full-Time Equivalents (FTE) in fiscal year 2018, a decrease of 10.5 FTE from fiscal year 2017. FHEO will achieve this reduction in FTE through attrition.

Non-Personnel Services (NPS): FHEO requests \$1,800K in fiscal year 2018 to primarily support travel, training and contracts.

Working Capital Fund (WCF): FHEO requests \$1,919K to pay fees for use of shared services and other investments as determined by the Secretary.
FHEO Priorities:

Priority 1 - Provide timely and complete investigations of complaints filed under the Fair Housing Act, Title VI, Section 504 and the Americans with Disabilities Act:

- In fiscal year 2018, FHEO seeks to further reduce its aged case inventory and achieve high impact outcomes where housing discrimination has occurred.
- Over the past several years, FHEO has seen steady increases in the number of cases open over 300 days. The implementation of rigorous agency-wide performance objectives in fiscal year 2015 began a modest reversal in this trend. The Title VIII aged case inventory carried into fiscal year 2016 remained level over the previous year, while aged cases under FHEO's other civil rights authorities decreased by 30 percent during the same period. However, significantly more progress must be supported, as nearly half of FHEO's open case inventory is aged.
- During fiscal year 2017, FHEO has made enormous progress towards addressing the backlog of cases that have been with the Department for 600 or more days. In the first half of fiscal year 2017 alone, the Department has reduced this backlog by 30 percent. This progress has been the result of a series of recent innovations: nationalizing our productivity standards for frontline staff, leveraging existing technology, and cross-regional collaboration.
- Additionally, significant innovations are currently underway to increase efficiency and quality outcomes for victims of discrimination. A housing market free of discrimination is a truly free market.
- While the reduction of aged cases has been an important priority, FHEO has continued to achieve impactful enforcement outcomes. Despite this agency-wide focus on reducing the backlog, FHEO charged or successfully conciliated 33 percent of its cases in fiscal year 2015, obtaining relief valued at over \$200 million. The fiscal year 2018 request would allow FHEO to more effectively reduce aged cases by expediting the completion of newly filed cases and aggressively addressing the backlog, while still achieving impactful case outcomes that deliver full and just remedy to victims of housing discrimination. FHEO plans to allocate 193.9 FTE to support this effort.

Priority 2 – Enhance Section 3 compliance, and thus increase important economic opportunities for low- income individuals, public housing residents, and the businesses that employ them, thereby assisting work-eligible families to achieve self-sufficiency:

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- By providing clear guidance to affected recipients of HUD funding, examining and determining best practices for leveraging as model recommendations for use nationwide, and develop tracking mechanism for compliance work and metrics for success.
- Development of matrix for selection of five cities representing a cross sample, to gain a better understanding of what enables successful implementation and operation of Section 3 in communities.
- Develop a turnkey program to help awardees remain Section 3 compliant.
- FHEO plans to allocate 9.8 FTE to support Section 3.

Priority 3 – Advancing fair housing and HUD programs:

- Rental Assistance Demonstration (RAD):
 - FHEO's civil rights reviews of RAD projects cover a range of activities including, as applicable to the type of conversion: (1) site and neighborhood standards; (2), transfers of assistance; (3) substantial alternations affecting accessibility; (4) changes in unit configuration; (5) changes in occupancy; and (6) Affirmative Fair Housing Marketing Plans. In November 2016, HUD published the RAD Fair Housing, Civil Rights, and Relocation Notice (Notice H-2016-17 and PIH 2016-17) to ensure that public housing authorities converting inventory to a RAD structure comply with the Fair Housing Act and other civil rights statutes. RAD projects must meet the civil rights review requirements or the financing of the housing and infrastructure re-development cannot go to closing.
 - FHEO is in the process of implementing the RAD civil rights reviews nationally. Once fully implemented, field staff will be required to provide technical assistance to public housing authorities and civil rights reviews of RAD conversions. Headquarters staff will conduct second level reviews of field work to ensure national consistency and accuracy. Depending on the type of review and the completeness of the information submitted for review, the staff time commitment to complete the work will range between 4 to 80 hours as applicable to the type of RAD conversion.
- Compliance Work:
 - In order to support HUD CPD and PIH program participants in developing successful, locally-driven plans to achieve fair housing outcomes in their communities, HUD staff and technical assistance (TA) providers will conduct training nationally and provide jurisdiction-specific direct TA. These activities provide program participants with the data, resources, information, and support needed to succeed in completing Assessments of Fair Housing (AFH). Development and delivery of guidance and training materials began in fiscal year 2015 and is ongoing. TA will need to be provided to all anticipated fiscal year 2019 AFH submitters in fiscal year 2018.
 - In fiscal year (FY) 2018, HUD anticipates receiving over 100 AFH submissions from program participants followed by over 3,000 AFHs in fiscal year 2019 and nearly 2,000 in fiscal year 2020. FHEO will review these AFH submissions for compliance with standards established in regulations.

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- Through Consolidated Plans, Annual Action Plans, and PHA Plans, program participants will submit strategies and actions for achieving goals identified in AFH submissions. FHEO will review these plans to evaluate progress on fair housing goals and compliance with standards established in regulations.
- Propose modifications to streamline or standardize the AFH review processes.
- FHEO plans to allocate 172.5 FTE to advancing fair housing and HUD programs

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2. Full-time Equivalents

Full-time Equivalents			
Staffing	FY 2016 FTE (Actual)	FY 2017 FTE (Est)	FY 2018 FTE (Est)
Office of the GDAS	4	4	4
Office of the Field Oversight	3	3	3
Office of the DAS For Office and Policy Legislative Initiatives and Outreach	12	12	11
FHEO, OPLIO, Education and Outreach	6	6	4
FHEO, ODAS/PP, Office of Progr	2	2	2
Office of the DAS for Enforcement and Programs	4	4	4
Office of Systemic Investigations	6	6	6
FHAP Division Director	5	5	5
Civil Rights Compliance & Disability Right Division	4	4	5
Enforcement Division	6	6	6
Office of Programs	2	2	3
Economic Opportunity Division	7	7	5
FHIP Division	6	6	5
FHEO, ODAS/Ep, Op, Prog Standa	3	3	3
FHEO, ODAS/Ep, Office of Syste	5	5	5
Office of the DAS For Operations and Management	5	5	5
Office of Administrative Services	4	4	4
FHEO, Odasom, OAS, Resource	3	3	3
Office of Information Services and Communications	4	4	3
FHEO, ODAS/Om, Oisc, Correspo	3	3	3
FHEO, ODAS/Om, Oisst, Informat	2	2	2
FHEO, Odasom, Ioisst, Tech Sup	1	1	1
Office of Management	5	5	4
Budget Division	4	4	4
Total FHEO Headquarters	105.9	105.9	100.9
FHEO Field	378.1	389.4	383.9
Grand Total Field and Headquarters	484.0	495.3	484.8

3. Key Operational Initiatives

- FHEO has begun implementation of a robust Enterprise Risk Management (ERM) framework for managing risk, including an integrated governance structure to improve mission delivery, and to focus and align key operational initiatives, resources, staff efforts, and corrective actions toward key risks and opportunities which are most impactful in meeting Departmental goals and that of the President's Budget. Goals include creation of a SharePoint-based Consolidated Risk Register with user views for identification and update to risks, issues, strategies and action plans; organizational change management to include training materials and events; risk assessment at operational and management work-unit levels, with intent for strategic, management planning, funding, IT and performance goals for fiscal year 2019 to be reflective of FHEO's risk profile, appetite and priorities.
- FHEO Section 3 Performance Evaluation and Registration (SPEARS):
 - The objectives of Section 3 are (1) to use HUD program funds to provide a springboard for residents to become economically empowered through direct participation in construction and other activities designed to physically improve and revitalize their neighborhoods; and (2) to leverage HUD funds to strengthen local economies, promote self-sufficiency, and reduce dependency on federal housing subsidies.
 - Another component of SPEARS is the Section 3 Business Registry. This is a tool that HUD launched in fiscal year 2014 to meet regulatory obligations to notify Section 3 businesses of the availability of local HUD-funded contracts and to increase the number of contracts awarded to Section 3 businesses. The funds are requested to modify the existing Section 3 Performance Evaluation and Registration System to comply with changes to Form 60002 and the Business Registry based on the new rule.
 - There are about 5,000 covered grantees, who receive funds that are subject to Section 3, and are required to submit Form 60002 to HUD. There are also about approximately 1,000 businesses who have self-certified that they meet one of the definitions of a Section 3 business. The systems enhancements to SPEARS will save grantees and businesses time and effort, and will promote consistency in compliance with the revised regulatory requirements.
 - Enterprise Opportunity – Fund the Document System integration requirements with IDIS and other business systems for deployment in fiscal year 2018. The estimated funding is \$1 million.