

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

(Dollars in Thousands)

	FY 2018 Actuals	FY 2019 Annualized CR	FY 2020 President's Budget
Personnel Services	\$66,329	\$66,461	\$69,629
Non-Personnel Services			
Travel	804	935	938
Rent and Utilities	1	2	2
Printing	6	5	5
Other services/Contracts	302	500	500
Training	180	300	300
Supplies	15	23	23
Non-Personnel Services Subtotal	\$1,308	\$1,765	\$1,768
Working Capital Fund	1,706	1,582	1,803
Grand Total	\$69,343	\$69,808	\$73,200
Associated FTEs	479	471	488

1. Program Purpose and 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.

Program Office Salaries and Expenses – Office of Fair Housing and Equal Opportunity

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 over 1,000 complaints per year, the Office also oversees 5,251 complaint investigations conducted annually by approximately 79 state and local government Fair Housing Act enforcement agencies which are funded through the Fair Housing Assistance Program (FHAP). FHEO also administers and oversees the Fair Housing Initiatives Program (FHIP) funding more than 94 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.

Authorized by Congress under the 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 be lost 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.

FHEO also enforces Section 3 of the Housing and Urban Development Act of 1968 and provides oversight and technical assistance to local housing authorities and community development agencies to ensure that HUD investments result in economic opportunities for the low-income individuals, public housing residents, and the businesses that employ them.

The 2020 President's Budget of \$73.2 million, is \$3.4 million more than the 2019 Annualized Continuing Resolution (CR) level.

Personnel Services (PS): FHEO requests \$69.6 million and 488 full-time equivalents (FTE) in 2020, an increase of 17 FTEs from 2019. FHEO will prioritize the hiring of additional FTEs in field offices to support RAD, Compliance, and Enforcement activities.

Non-Personnel Services (NPS): FHEO requests \$1.8 million, a slight increase of \$3 thousand over the 2019 Annualized CR funding level. These funds will provide travel for litigating cases, fair housing investigations, compliance reviews, and education and outreach

Program Office Salaries and Expenses – Office of Fair Housing and Equal Opportunity

efforts. Of this amount, approximately \$500 thousand is for the continuation of the following contracts: Data Analysis, GSE Reviews, Westlaw, and Inter-Agency Agreement (IAA) with the Department of Health and Human Services.

Working Capital Fund (WCF): FHEO requests \$1.8 million to pay fees for use of shared services and other investments as determined by the Secretary.

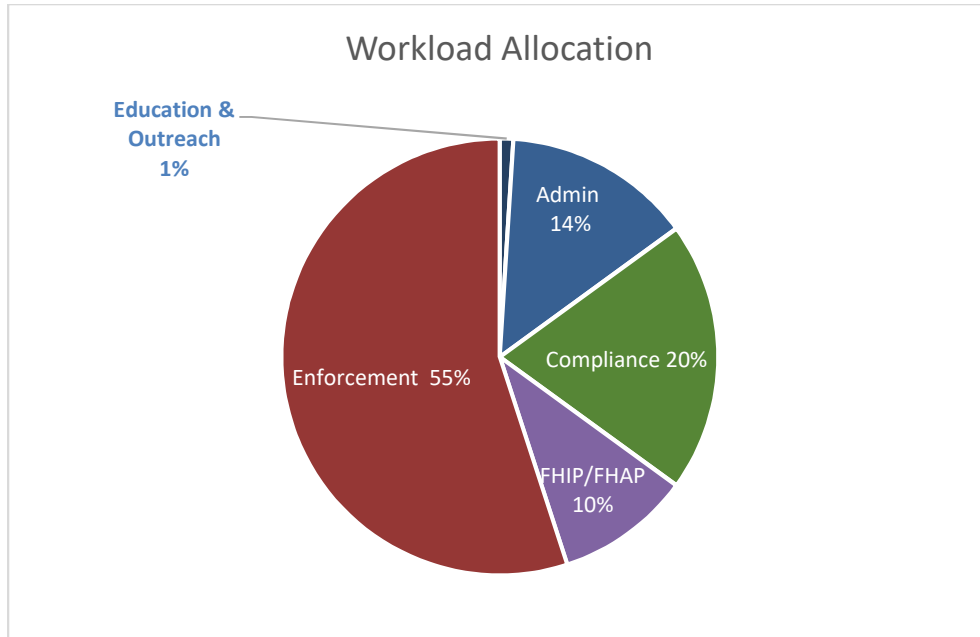
2. Support for President’s Management Agenda and HUD’s Agency Priority Goals

President’s Management Agenda:

Modern Workforce:

FHEO has sustained significant staff reductions over several years, while the scope and scale of the workload has increased. In 2010, FHEO had 622 on-board staff, whereas today it has approximately 449. FHEO has lost 173 people in eight years, a 27 percent reduction in force. In both 2017 and 2018, FHEO’s leadership reprioritized workload to allow regional offices to realign the appropriate number of staff to case investigations and processing. Through robust discussions and risk analysis, FHEO developed the below workload allocation of field resources by activity and will continue to conform its staffing and workload to those priorities.

Program Office Salaries and Expenses – Office of Fair Housing and Equal Opportunity



Compliance:

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 (PHA) 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 PHAs, 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.

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 assist program participants in fulfilling their duty to affirmatively further fair housing. Additionally, FHEO, in 2020, will continue to work towards modifications and streamlining of the tools offered to assist program participants in fulfillment of their civil right obligations.

Through Consolidated Plans, Annual Action Plans, and PHA Plans, program participants will submit strategies and actions for achieving goals related to reducing governmental barriers to affordable housing and access to all communities. FHEO will continue to proactively review these plans, in coordination with other program offices, to ensure civil rights compliance.

Enforcement:

FHEO provides timely and complete investigations of complaints filed under the Fair Housing Act, Title VI, Section 504 and the Americans with Disabilities Act.

In 2020, 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 FY 2015 began a modest reversal in this trend. The Title VIII aged case inventory carried into FY 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. During FY 2017, FHEO made enormous progress towards addressing the backlog of cases that have been with the Department for 600 or more days. The number of cases at or approaching 600 days old was reduced from 602 to approximately 150, roughly a 75 percent reduction in one year. This progress was the result of a series of recent innovations: nationalizing our productivity standards for frontline staff, leveraging existing technology, and cross-regional collaboration.

While the reduction of aged cases has been an important priority, FHEO has continued to achieve impactful enforcement outcomes. Despite the agency-wide focus on reducing the backlog, FHEO has continued to enhance its ability to settle or resolve cases in a manner acceptable to all parties. In FY 2017, HUD resolved more than 34 percent of all its cases through the

HUD administered conciliation/settlement process. The 2020 Budget 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.

Fair Housing Assistance Program (FHAP):

FHEO annually distributes approximately \$24 million to 79 state and local government civil rights organizations through the FHAP. Our state and local government partners process and resolve approximately 80 percent of the fair housing complaint workload, more than 6,000 cases each year are accepted by our FHAP partners. HUD staff provides Program Oversight, including reviewing state/local laws, Policy Development, Budget/Funding Control, Technical Assistance to HUD FHAP Monitors, Recertification, and respond to public inquiries.

Fair Housing Initiatives Program (FHIP):

FHEO distributes annually approximately \$38 million to local nonprofit fair housing organizations through the FHIP. There are approximately 150 grants to more than 94 organizations. HUD staff provides oversight including: Managing the FHIP Grant Award Process, Managing the FHIP Grant Award Process, Responding to Freedom of Information Act (FOIA), Congressional and Public Inquiries.

Modernize Information Technology (IT):

HUD Enforcement Management System (HEMS)

HEMS is an automated enforcement management system that tracks housing discrimination cases throughout the investigation processes, generate management reports, enables FHEO Intake Analyst, FHEO Investigators, Fair Housing Assistance Program (FHAP) agencies to assist in the production of documents for cases filed under Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Act of 1988, and other processes. HEMS also tracks complaints and compliance for the Title VI, Title IX, Age Discrimination of 1975, and American with Disabilities authorities. State and local agencies certified by HUD to investigate and adjudicate Title VIII housing discrimination complaints also use HEMS to record investigation information.

FHEO Section 3 Performance Evaluation and Registry System (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. HUD utilizes SPEARS to capture data on the number of Section 3 residents hired and number of contracts awarded to Section 3 businesses to ensure compliance with regulatory requirements.

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 system enhancements to SPEARS will save grantees and businesses time and effort and will promote consistency in compliance with the revised regulatory requirements.

HUD Agency Priority Goals:

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, a priority goal of the Department.

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,

Program Office Salaries and Expenses – Office of Fair Housing and Equal Opportunity

with intent for strategic, management planning, funding, IT and performance goals for 2020 to be reflective of FHEO's risk profile, appetite and priorities.

- FHEO has implemented process improvements to expedite Fair Housing Act investigations. Foremost, in November 2016, FHEO issued guidance significantly streamlining the administrative decisions it issues. Additionally, FHEO implemented a number of less tangible efficiencies: automated phone trees for each region (modernizing FHEO's process of manually answering all calls); nationalized bi-weekly training on investigations; development of an automated computerized web-based intake process; and increased staff in the Office of Systemic Investigations, located in headquarters, to tackle complex civil rights cases, thus freeing up regional staff time to manage the sheer volume of FHEO's workload.