

CHAPTER 2. FORMATION AND ACTIVITIES OF COMMUNITY HOUSING
RESOURCE BOARDS (CHRBs)

- 2-1. CITIZEN PARTICIPATION. Basic to HUD's Voluntary Compliance Programs is the active involvement of citizen groups to assist in ensuring that the affirmative marketing provisions of the program are implemented on a local level. These program objectives cannot be achieved through Agreements if the provisions are ignored once the requisite signatures have been affixed. Thus, there is a need for the effective oversight of these Agreements by the industry groups involved and by independent citizen groups dedicated to equal housing opportunity. HUD's Voluntary Affirmative Marketing Agreements with the National Association of Home Builders, the National Association of Realtors, and one for adoption by local apartment associations, make provision for assessment of progress by such citizen groups, called Community Housing Resource Boards (CHRBs).
- 2-2. CHRB OBJECTIVES. In every case, these citizen groups have two basic objectives: (1) to maximize communication between the housing industry involved and minority and women's groups of the particular community; and (2) to enhance the prospect of HUD and industry group commitments being implemented through effective monitoring. The first objective requires broad minority, women's and fair housing group representation on the Resource Board. The second objective requires the most influential community representation possible, e.g., Chamber of Commerce, Mayor's Office, League of Women Voters, local bar association, savings and loan associations, the real estate board, etc.
- 2-3. CHRBs AND THE HUD AGREEMENTS WITH LOCAL HOUSING INDUSTRY GROUPS. A standard Voluntary Affirmative Marketing Agreement (Agreement) between HUD Headquarters (FHCO) and a housing industry group is executed at the national level and implemented through adoption by local affiliates. In the Agreements, provision is made for HUD to organize a CHRB wherever an Agreement is endorsed by a local industry group.
- 2-4. HUD RESPONSIBILITY FOR ORGANIZING COMMUNITY HOUSING RESOURCE BOARDS. Responsibility for organizing Community Housing Resource Boards rests with the Field Office Division Director, Fair Housing and Equal Opportunity (FHCO), or the Regional Office Program Operations Division Director. The Director should appoint CHRB members, initiate two organizational meetings, and then, at a minimum, meet with the group the first two years of the

CHRB's existence in a support and advisory capacity. While the responsibility to organize a Resource Board can be delegated to a consultant body or human rights agency, membership appointments must be made by the FHEO Director. This should be done as soon as possible after a local housing industry group has signed an Agreement. The same CHRB is responsible for servicing each of the HUD Agreements with local housing industry groups in the same jurisdiction. HUD guidelines call for CHRB appointments to be made for a one year term, renewable annually at the discretion of the FHEO Director.

- 2-5. ORGANIZING A MULTI-JURISDICTIONAL OR MULTI-BOARD CHRB. Usually, a CHRB works with one local board or association for each industry group in the area. However, in geographical areas where more than one board or association is in close proximity, HUD may establish a multi-jurisdictional or multi-board CHRB that could relate to all of the signatory boards of any of the housing industry groups in the area. Business might be facilitated by having representatives of the several boards meet simultaneously with the single CHRB. A multi-jurisdictional or multi-board CHRB shall not be created without the consent of HUD and the affected national housing industry group. FHEO Directors should inform the Director, Office of Voluntary Compliance, of the need for a multi-jurisdictional or multi-board CHRB, indicating the names and proximity of the boards proposed for servicing by one CHRB.
- 2-6 CHRB MEMBER SELECTION. CHRB members are not to be solicited as individuals, but as representatives of organizations or agencies. Thus, initial HUD contact for purposes of recruitment should be with the head of the agency or organization desiring to be represented (see Appendix 1).
- a. Recruit Personally. If not personally known to the HUD recruiter, initial contact should be made on a face-to-face basis through appointment. During this meeting, the agency/organization head should be supplied with copies of the Agreements in the area, and their implications should be fully discussed. The obligations of CHRB representation should also be discussed in terms of the time required and the purpose and functions of the CHRB. The organization head should be requested to nominate one person with decision-making authority to represent that organization on the CHRB. Not more than one person

should represent the same organization on a CHRB to avoid creating a situation of disproportionate organizational influence, resulting in a larger membership than could effectively conduct business. Total membership on a CHRB depends on the size of the jurisdiction the CHRB represents. Generally, membership should not exceed 20 representatives in larger geographical areas.

b. Recruit Broadly. Following is a list of organizations that should be considered when making appointments to the CHRB. The list is not intended as exclusive or exhaustive, but rather as exemplary:

- (1) American Federation of Labor - Council of Industrial Organizations (AFL-CIO Council)
- (2) American Indian Organizations
- (3) Chamber of Commerce
- (4) Congressperson's Office
- (5) Urban League Affiliate
- (6) Fair Housing Group
- (7) Hispanic Organization
- (8) Human Rights Commission
- (9) League of Women Voters
- (10) Mayor's Office
- (11) Mortgage Brokers Association
- (12) Branch Office of the National Association for the Advancement of Colored People (NAACP)
- (13) Real Estate Brokers (Realtors) are persons licensed by and sanctioned by the National Association of Realtors (NAR)
- (14) Real Estate Brokers (Realtists) are persons licensed by and sanctioned by the National Association of Real Estate Brokers (NAREB)

Religious Groups

(16) Savings and Loan Associations

(17) Legal Aid Groups

(18) American Asian Organizations

Additionally, each Equal Opportunity Committee (EOC) of a signatory local housing industry group should have one representative on the CHRB. Moreover, members of the CHRB should be encouraged to select a chairperson from a community-based organization.

- c. Organization Nominates; HUD Designates. After the organization head has recommended a representative, HUD should contact the person to make sure that he/she fully understands the implications of his or her nomination. If there is a question as to the nominee's willingness to undertake the responsibilities involved, telephone the organization head to discuss the possibility of a substitute nominee. Once the designation is firm, the FHEO Director should send the designee a letter of appointment by certified mail (see Appendix 2). The letter of appointment should be accompanied by: (1) a copy of the local Agreement; (2) a list of members of the Equal Opportunity Committee of the local industry group; (3) a list of other CHRB members; and (4) a copy of this Handbook.
 - d. CHRB Roster Must Be Sent to Headquarters. Once all members of the CHRB have been appointed, the Regional FHEO Office and the Headquarters Office of Voluntary Compliance should be sent a copy of the membership roster that indicates the organization represented by each designee. That roster may be assumed to be approved unless the FHEO Field Office is notified by Headquarters to the contrary.
- 2-7. FIRST MEETING OF THE CHRB. The first meeting of the CHRB is mutually agreed upon and coordinated with the local signatory industry group regarding the place and time of the meeting. The meeting is confirmed by both mail and a telephone reminder by the FHEO or Program Operations Division. This meeting is to be coordinated with the local signatory industry groups. The meeting should focus

Agreements. This initial meeting of the CHRB formally establishes the existence of the group and provides an excellent opportunity to publicize its composition and functions. The media generally prefers to focus on an event rather than an agency announcement, and this will be the first media event dealing with the CHRB. A press release should be prepared in advance, describing the purpose of the CHRB in relation to the Agreements and identifying its membership. Documentation of the first CHRB meeting must be maintained in the CHRB files.

- 2-8. SECOND CHRB MEETING. The second meeting of the CHRB should be convened in the same manner as the first meeting. The purpose of the second meeting is to elect officers and to decide upon a schedule for future meetings. At this meeting, it should be clarified that subsequent meetings of the CHRB will be called by its Chairperson. If the CHRB members are unable to elect a Chairperson during the second meeting, a Chairperson shall be appointed by the Division Director. Elections of CHRB officers are not official until concurrence is obtained by the FHEO or Program Operations Division Director. The CHRB shall be notified in writing of a concurrence. Non-concurrences must also be in writing with appropriate justification. Any non-concurrence must relate to an actual or highly potential impediment to local VAMA implementation.

Possible meeting places to consider for the second CHRB meeting might include the Chamber of Commerce offices, local banks, the local NAACP or Urban League offices, HUD offices, industry groups offices, or the city human rights agency offices. Provision should be made for taking, transcribing, and mailing minutes of all CHRB meetings. Monthly meetings of the CHRB are recommended at a minimum during the first year. Thereafter, the CHRB should determine the regularity of meetings with the local industry groups to pursue their various responsibilities. However, quarterly meetings must be held at a minimum.

- 2-9. ORGANIZATIONAL MATTERS. Documents establishing the CHRB as a legal entity should meet requirements of State law. These documents should, at a minimum, provide for the following:
- a. Meetings called by the Chairperson and the minutes of meetings recorded and distributed to each CHRB member;

- b. Organization of the CHRB as a tax-exempt not-for-profit charitable organization. This status requires approval from the U. S. Department of the Treasury; (Internal Revenue Regulations permit deductions from

income made by persons making contributions to tax-exempt not-for-profit charitable organizations.)

- c. Meetings held quarterly at a minimum, to assess progress, as required, under the various Voluntary Affirmative Marketing Agreements;
- d. An annual meeting to evaluate program progress under executed Voluntary Affirmative Marketing Agreements;
- e. Indemnification of the CHRB for actions of its members, for any action within the scope of their activity which is consistent with CHRB purposes;

Indemnification beyond the protection of incorporation, such as tort liability insurance coverage, is the responsibility of the CHRB and may be purchased with CHRB funds; and

- f. The name "Community Housing Resource Board" or "CHRB" is not for the exclusive use of any one entity in a jurisdiction. In incorporating as a non-profit entity, the CHRB must emphasize the jurisdictional name of their organization (e.g. - city or county name) as the source for seeking incorporation. This will allow all CHRBS in a State to enjoy the same rights and privileges accrued through incorporation.

Appendices 3 and 4 of this Handbook contain examples of Articles of Incorporation and By-laws which can be of assistance to CHRBS contemplating incorporation. Proposed by-laws must be forwarded to the appropriate local Director of Fair Housing and Equal Opportunity for review to assure that the by-laws are in compliance with the dictates of the CHRB Program.

The FHEO Director is expected to provide a timely, written response to CHRBS so as not to unduly delay the execution of this important document.

- 2-10. CHRB ROLES AND ACTIVITIES. HUD's Agreements with the housing industry groups generally call upon the Community Housing Resource Board and an Equal Opportunity Committee of the local signatory to monitor implementation progress under the Agreements. The Agreements also generally

require that the CHRB meet regularly with the local signatories to assist them with any problems which may arise in the implementation of Agreements. Finally, each Agreement contains provisions for HUD, the local signatory, and the CHRB to evaluate the Agreement effectiveness annually.

- a. Assess Progress. It is the responsibility of the CHRB to assess progress toward implementing the various provisions of the Agreements so as to maximize freedom of choice in housing selection.

In order to assess progress, CHRB members must ascertain what signatories to the Agreements have done to implement its provisions. This information should be obtained in the following manner:

- (1) Make inquiry of the Equal Opportunity Committee of the local industry group, one of whose responsibilities include monitoring the progress of the Program and the review of program implementation progress as recorded by HUD field staff. HUD Form 941-A is used to monitor Voluntary Affirmative Marketing Agreement Report for Local Real Estate Boards and HUD 941-B is used for Local Builder Groups. (See Appendices 5 and 6.)
- (2) Independently evaluate those provisions of the Agreements that readily lend themselves to visual inspection. For example, CHRB members can review newspaper ads, brochures, and signs for the HUD Equal Housing Opportunity logo (see Appendix 7), and the appropriateness with which human models are portrayed, and use of the Equal Opportunity HUD Publishers Notice (see Appendix 8). They can also report on the existence of office procedures and techniques to carry out the Agreements as well as reporting the experience of minorities who have sought assistance through industry group intermediaries.
- (3) If the response to the CHRB's assessment procedures are not satisfactory the validity of the Agreement is questionable.

- b. Resolution of Controversial Issues.

- (1) Testing. While a valid and reliable way to assess equal housing opportunity is accomplished through testing by matched teams of minority and white

auditors, CHRBs as a body may not test to assess program progress. However, the Agreements do not prevent organizations represented on a CHRB from testing.

- (2) Litigation. If an organization represented on the

CHRB becomes involved in any form of litigation with a member of the local housing industry group, representatives of both parties in litigation must refrain from participation in CHRB matters relating to issues involved in the litigation.

- (3) Lobbying. Organizations represented on a CHRB are encouraged to lobby for the passage of fair housing laws and ordinances. However, the CHRB itself, and individual members when representing the CHRB, are not allowed to lobby, or engage in activities that have the appearance of lobbying.

When a local law or ordinance is passed, the CHRB is expected to include the provisions of such documents in any community or housing industry group fair housing education materials or presentations.

- C. Provide Assistance. The Agreement commits CHRBs to function in an advisory and resource capacity to local industry groups in reference to any problems that might arise in program implementation. In that capacity, CHRB representatives should function in direct liaison with their organizations in order to:

- (1) Promote support for those local groups and members that are making progress in implementing Agreements. Some ways to do this might include:
 - (a) making information public regarding the goals for fair housing and the VAMA;
 - (b) assessing community fair housing needs;
 - (c) assessing the effectiveness of the VAMA;
 - (d) expanding minority involvement as professionals in the industry;
 - (e) expanding public awareness of housing opportunities in the community;

- (f) developing cooperative solutions to problems associated with the implementation of this Agreement;
- (g) assisting Board representatives to negotiate with local newspapers for inclusion of a HUD-prescribed publisher's notice regarding refusal to accept real estate advertising that

violates Title VIII, and the availability, on an equal opportunity basis, of all advertised dwellings;

- (h) assisting the Board to negotiate with television and radio stations for public service time to promote fair housing;
 - (i) persuading the press to carry articles on the VAMA and the role of the CHRB;
 - (j) seeking air time on community television and radio talk shows to discuss the VAMA and fair housing issues;
 - (k) providing community officials with a set of recommendations to improve fair housing conditions;
 - (l) reviewing land use and zoning practices to determine whether they perpetuate discriminatory housing practices;
 - (m) generating creative ways to promote the Agreement on a community-wide basis. For example, CHRB representatives could: (1) have informative articles on the Agreement carried in their organizational publications; (2) have city/county government sponsor a poster contest on the Agreement and its goals during Fair Housing Month; (3) establish a link with media for promotional articles; and (4) request local outdoor billboard company to contribute space to promote fair housing.
- d. Participate in Annual Evaluations. Within sixty days prior to the anniversary of the effective date of an Agreement (i.e., the signature date of the Assistant Secretary for FHEO or his/her designee), the CHRB will meet with representatives of HUD and local industry groups to evaluate program progress under the Agreements. An

the Agreements. Information base provided by the local industry groups is essential to the undertaking of such an evaluation. That information should cover all aspects of an Agreement and be supported by reasonable documentation. The information regarding the Agreement should be discussed and assessed for areas of improvement prior to implementation. The

results of that annual evaluation, with CHRB input and comment, should be entered by the HUD staff representative on a HUD Form 941-A, Annual Evaluation of Effectiveness Voluntary Affirmative Marketing Agreement Report. Afterwards, the Report should be sent to the HUD FHEO Regional Office. A copy of the Report will then be forwarded from the FHEO Regional Office to HUD Headquarters where all such reports will be analyzed to evaluate program progress on a nationwide basis.

Additionally, HUD shall provide the CHRB with a completed copy of the local housing Industry group's annual evaluation report.

- 2-11. RESPONSIBILITY FOR CONVENING MEETINGS. The FHEO or Program Operations Division Director should ensure that evaluations and periodic assessments of progress are conducted. Should the CHRB Chairperson fail to schedule the required quarterly meetings, the Division Director must remind him/her of the responsibility and, if necessary, personally schedule the meeting and inform CHRB members and the local industry group EO Committee.
- 2-12. PRIORITIES FOR ORGANIZING COMMUNITY HOUSING RESOURCE BOARDS. It is desirable to organize a CHRB wherever there is a local industry group with a Voluntary Affirmative Marketing Agreement. However, because of the time required in establishing CHRBs, the following priorities have been established regarding their organization:
- a. Consider location of the Agreement. Concentrate on organizing CHRBs in those areas where the existence of fair housing will most directly and most readily benefit minorities and female-headed households.
 - b. Consider existence of multiple voluntary plans and/or Agreements. Accord priority to organizing a CHRB where it can fulfill a multiple purpose, either in respect to several real estate board Agreements, or any

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combination of Agreements with a local apartment association, mortgage lenders, and/or a Home Builders Agreement.

- c. Consider proximity to HUD Field Office. Accord priority to organizing CHRBs within realistic travel distance from the HUD Field office.

- 2-13. MONITORING CHRBs. The Fair Housing and Equal Opportunity

Field Office must monitor all CHRBS in its jurisdiction. Funded CHRBS (regardless of the source of funds), CHRBS in commuting distance from the Field Office, and CHRBS experiencing unusual problems, must be monitored on-site. Other CHRBS can be monitored by telephone. CHRBS Monitoring form-HUD-924, (see Appendix 9) is submitted to the Headquarters Office of Voluntary Compliance. Each CHRBS should be monitored for: (1) the nature of activities the CHRBS is implementing; (2) the amount of funding and use of funds (see 2-15, Accountability Monitoring); (3) problems encountered with implementing activities; (4) representativeness of the CHRBS in relation to the jurisdiction it covers; and (5) the CHRBS's relationship with local housing industry groups.

In monitoring CHRBS, field staff should also address the following quality factors for evidence to support that:

- (1) In the past year, the CHRBS has successfully carried out at least two activities that specifically address the objectives of a VAMA;
- (2) The CHRBS engages in the identification of local problems and issues that impede equal housing opportunity;
- (3) The CHRBS meets at least quarterly and after the first year, holds regular meetings without substantial involvement of FHEO staff;
- (4) At least 60% of the members are in attendance at 75% of the meetings;
- (5) The CHRBS conducts assessments of local industry group performance on a regular basis; and
- (6) The CHRBS assists the local industry group with any problem which may arise in the implementation of the Agreements or, if more communication is needed with the local Board, the CHRBS attempts to further such communication.

Additionally, and especially in relation to funded CHRBS, the Equal Opportunity Specialist should monitor CHRBS activities to insure that:

- (1) CHRBS Program content activities are appropriate;
- (2) The activities are necessary, and contribute to desired project completion results.
- (3) The activities are started and finished within a

reasonable period of time;

- (4) Personnel assigned are competent to perform the activities; and
- (5) The dollars spent for these activities are in line with the total budget. (See Appendices 10A and 10B for sample budgets.

CHRBs funded by the Office of FHEO are monitored on-site, once a year. CHRBs participate in the FHEO/CHRB grant program by competing for funds in response to criteria contained in the CHRB Program funding regulation. Specifications for each grant competition are issued through periodic Notices of Funds Availability (NOFA) published in the Federal Register. The CHRB Program funding regulation is located at 24 CFR Part 120 of the Code of Federal Regulations.

CHRBs receiving FHEO grants operate under a small grant agreement that is written pursuant to Office of Management and Budget (OMB) Circular A-110. This document establishes the guidelines by which small entities conduct their grant activities. It generally gives guidance on the allowable use of grant funds, requirements for accounting records, retention and custodial requirements for records, budget revision procedures, and closeout procedures. OMB Circular A-110 must be used in combination with the Schedule of Agreement Articles and Terms and Conditions sections of the Small Grant Agreement signed by CHRB grantees. Each of these documents is provided to grantees by the HUD Office of Procurement and Contracts and to the HUD Field Office FHEO staff by the Headquarters Office of Voluntary Compliance. FHEO field staff is responsible for monitoring the use of funds by a CHRB, regardless of the source of those funds. CHRBs are organized by HUD to carry out specific activities related to the Department's Voluntary Affirmative Marketing Agreement Program. HUD staff is responsible for assuring that CHRBs expend all funds in an appropriate manner that is responsive to the objections of the CHRB Program.

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If a potential funding source has stipulations for receipt or use of their funds that are contrary to the acceptable purview of CHRB activity, this is not a credible source of financial support.

- 2-14. RECORDKEEPING AND ACCOUNTING. A funded CHRB, regardless of the source of the funding, must ensure that funds are properly spent and accounted for according to the

requirements stipulated by one funding source. In most cases, written recordkeeping, accounting, reporting and other requirements will be provided to the CHRB at the time of the notice of grant or contract award.

All CHRBs should develop an adequate recordkeeping system for the collection, storage, and retrieval of information necessary to prepare required reports for HUD and/or other funding sources. Depending on the funding source, recordkeeping requirements may vary.

Funded CHRBs with housing grants must conform to reporting and record maintenance requirements determined appropriate by the administering official and detailed in the grant applicant booklet given to each CHRB applying for funds. As a condition to participate, CHRBs must stipulate that HUD can recapture funds if the CHRB does not conform to requirements contained in the funding instrument.

CHRBs are required to administer funds based on accepted accounting principles and practices. The accounting practices, unless otherwise specified by a funding source, should be consistently applied regardless of the source of the funds. For example, all supporting records for grant or contract expenditures should be recorded in sufficient detail to show the exact nature and cost of the expenditures for each budget line item. Records should be maintained in a manner that permits preparation of any required financial reports and indicates that the grant or other funds are used for the purpose for which they were awarded. (See Appendix 10A and 10B examples of CHRB budgets.)

With Federal funds, grant accounting records usually include financial records and reports, supporting documents, statistical records, property records, and all other records pertinent to the project funded by the grant. The CHRB usually is required to retain records for a specified period of time. In most cases, records may be

destroyed three (3) years after the end of the budget period if the funding agency audit has occurred by that time. In all cases records must be retained until any audit questions relating to the grant or contract are resolved.

In establishing or selecting a financial management system, the most important consideration for the CHRB should be the effective control over the accountability for all funds, property, and other assets. The CHRB may obtain bookkeeping and accounting assistance from a certified accountant/firm,

a CHRB member with accounting experience, or the business department/school at a local college or university.

2-15. ACCOUNTABILITY MONITORING.

- a. Purpose. Accountability Monitoring is a key HUD effort to combat fraud, waste and mismanagement. It is designed to: (1) ensure that program participants are responsible for the funds they receive; (2) improve the quality of participant performance; and (3) assist HUD staff in protecting program integrity and meeting departmental goals.
- b. Elements of Accountability Monitoring. Accountability Monitoring requires that monitoring be concerned with the stewardship of funds through reasonable financial and program compliance reviews. The intent is twofold: (1) promoting the interests of the Department, and (2) protecting participants from having costs disallowed or sanctions imposed that could have been avoided through early detection of potential problems. FHEO staff provides technical assistance to participants to help protect them from disallowed costs and from the imposition of sanctions.

Accountability Monitoring provides a baseline approach to the monitoring effort in all departmental programs. Some of the basic elements are:

- (1) Developing policies and procedures that outline, by program area, management's responsibilities to protect the program from fraud, waste, and mismanagement;
- (2) Identifying high risk and high exposure categories for program participants and activities;

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- (3) Adjusting goals and priorities to target monitoring resources to high risk and high exposure participants and programs;
- (4) Clarifying and strengthening the monitoring role for those staff members with multiple or conflicting duties;
- (5) Developing uniform rules and sanctions for administrative noncompliance; and
- (6) Increasing the skills of monitors to conduct more in-depth reviews.

The strategy relies on monitors to ensure that program participants comply with the laws and rules governing the use of funds, that they administer the funds in the most efficient and effective manner possible, and that they not abuse or defraud departmental programs. This requires a strong monitoring function with objective observers. Each monitor has two roles; the first is a protective one in which the monitor determines if the system's controls are adequate to protect government resources. The second role is that of a management consultant who suggests more effective ways to conduct business.

- 2-16. PLANNING CHRB ACTIVITIES FOR VAMA IMPLEMENTATION. A primary responsibility of a Community Housing Resource Board is to work with signatories of local VAMAs to assist them in the implementation of Agreement goals. In approaching this mandate, CHRB members should be well versed on the requirements of the Agreements and develop a plan with the signatories that results in full and ongoing implementation.

CHRB members should identify VAMA requirements, develop goals to address the various elements of the Agreement, state the specific objectives of the goal, establish a completion date, identify the responsible people to carry out the objective, and determine the desired results.

This programmatic exercise will help the CHRB organize its work for the year and assure that a structured plan is in place that results in implementation of local VAMAs. (See Appendix 11 for an example of a CHRB work plan for local VAMA implementation.)