### DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**Program Offices Salaries and Expenses**

**Office of Fair Housing and Equal Opportunity**

#### SALARIES AND EXPENSES

(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>2021*</th>
<th>Carry Over</th>
<th>Annualized CR</th>
<th>Total</th>
<th>Carry Over</th>
<th>President's Budget</th>
<th>Total</th>
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<tbody>
<tr>
<td><strong>Personnel Services:</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Actuals</td>
<td>$76,135</td>
<td>$4,156</td>
<td>$81,796</td>
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<td>$97,175</td>
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<tr>
<td>Annualized CR</td>
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<tr>
<td>Total</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>$97,175</td>
<td>$97,175</td>
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<tr>
<td><strong>Non-Personnel Services:</strong></td>
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<td></td>
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<tr>
<td>Travel</td>
<td>7</td>
<td>500</td>
<td>-</td>
<td>500</td>
<td>-</td>
<td>391</td>
<td>391</td>
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<tr>
<td>Transportation of Things</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rent and Utilities</td>
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<td>2</td>
<td>-</td>
<td>2</td>
<td>-</td>
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<tr>
<td>Printing</td>
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<td>-</td>
<td>5</td>
<td>-</td>
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<tr>
<td>Other Services/Contracts</td>
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<td>1,648</td>
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<tr>
<td>Training</td>
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<td>Supplies</td>
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<td>Furniture and Equipment</td>
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<td>-</td>
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<tr>
<td>Claims and Indemnities</td>
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<td><strong>Total, Non-Personnel Services</strong></td>
<td>$1,910</td>
<td>$2,882</td>
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<td>Working Capital Fund</td>
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<td>1,340</td>
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<tr>
<td>Carryover</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td><strong>Grand Total</strong></td>
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<td>$8,378</td>
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<td>$105,800</td>
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<td><strong>FTEs</strong></td>
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<td>28</td>
<td>524</td>
<td>552</td>
<td>-</td>
<td>630</td>
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*Includes 2020 Carryover

#### PROGRAM PURPOSE

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 fundamental duty, therefore, is to help create equal housing and credit opportunities for all persons living in America, which it does by administering and enforcing laws that prohibit housing discrimination on the basis of race, color, religion, sex (including gender identity and sexual orientation), national origin, age, disability, and familial status.

The Administration has made fair housing a central pillar in its equity agenda, requiring a revitalized FHEO to play a key role. FHEO is tasked with simultaneously addressing both day-to-day discrimination claims and longstanding systemic inequities that are the legacy of a long history of racial and other injustice. This investment in FHEO’s salaries and expenses will ensure that work is done efficiently and effectively.
BUDGET OVERVIEW

The 2023 President’s Budget requests $105.8 million for FHEO, which is $26 million more than the 2022 annualized CR level. The Budget reflects total funding (carryover and new authority) of $105.8 million, $17.7 million above 2022 total funding.

Personnel Services (PS)

The Budget assumes total funding of $97.2 million for FHEO Personnel Services (PS), $15.4 million above the 2022 total funding level. This funding will support 630 full-time equivalents (FTEs), an increase of 78 FTEs from the 2022 funding level. The Budget supports a 4.6 percent Federal pay raise.

With the funding requested in 2023, FHEO will prioritize the hiring of staff in field offices to support Title VIII of the Civil Rights Act of 1968, “Fair Housing Act” (Title VIII) fair housing enforcement and civil rights compliance activities. FHEO will continue its practice of maintaining its primary staffing in the field. FHEO currently has approximately 80 percent of its staff located in the field.

The majority of FHEO’s work is carrying out statutory and regulatory duties that have existed in some form for years. For the last decade, FHEO has taken this responsibility with a greatly reduced staff. In 2010, FHEO maintained 573 FTEs. FHEO hit a low of 433 FTEs in 2019 and has aggressively worked to rebuild staffing over the last two years. FHEO is projected to end 2022 at 552 FTEs. However, that is still a net reduction of 21 FTEs, or four percent, over the last decade. The long-term reduction resulted in significant challenges to FHEO’s capacity. However, FHEO has begun to build back staffing and expertise to restore capacity and carry out the Administration’s agenda of addressing longstanding equity issues related to fair housing. This Budget seeks to build on increases from 2022, to further provide the resources for much needed staffing increases.

FHEO will continue to engage in Title VIII complaint intake and investigations in accordance with its non-discretionary duty to ensure that each complaint is properly handled. FHEO expects a consistent high level of fair housing complaints for 2023. Every inquiry from the public must receive staff attention to assess whether there is a jurisdictional complaint, which leads FHEO to diverting more staff to intake and the resulting complaints. FHEO predicts the non-discretionary enforcement caseload will increase while ensuring full enforcement for all claims under the Fair Housing Act’s (Act) purview. Title VIII caseloads will also increase with the renewed emphasis of addressing systemic discrimination, including through Secretary initiated complaints, consistent with the Administration’s overall equity agenda. FHEO requires additional highly skilled staff with specialized capabilities to address disparities and discriminatory housing practices, including those in the lending and appraisal industries.

FHEO also will need additional human capital to fully execute the part of its mission that involves ensuring non-discrimination in HUD-funded programs. In previous years, such affirmative compliance activities were deemphasized, as a limited number of Headquarters and Regional staffs focused on Act enforcement. With this request, FHEO will also devote compliance staff to combating other challenges in HUD-funded programs and projects, such as disability discrimination, segregation of HUD-funded housing, discriminatory nuisance ordinances, discrimination faced by HUD-assisted housing seekers, and ensuring that the administration of Community Development Block Grant Disaster Recovery (CDBG-DR) funds by participating jurisdictions does not discriminate against communities of color.

HUD continues regulatory proceedings necessary to return to a more comprehensive implementation of the Act’s mandate to Affirmatively Furthering Fair Housing (AFFH). AFFH is a priority of the Administration and FHEO expects to be charged with implementing these requirements in 2023. FHEO will need to invest significant staff in AFFH-related projects including providing sustained
technical assistance to HUD grantees at the State and local level. FHEO staff will also be needed to fully support HUD program staff to ensure HUD grantees conduct successful fair housing planning and achieve fair housing goals. Funding requested for 2023 is also critical to carrying out the President’s goal to combat appraisal bias and addressing other racial discrepancies in homeownership. The aforementioned initiatives will strengthen HUD’s Internal Capacity.

Specifically, the 2023 Budget will provide essential personnel and non-personnel services to support several workstreams driven by this Administration's policy priorities. The following list demonstrates some of the policy, program, and operational needs for this Budget.

- **Additional Equal Opportunity Specialists to handle increased Title VIII intake workload**
  - In 2022, compared to 2021 year-to-date, FHEO has handled approximately 2,370 more inquiries from the public reflecting an increase of 25 percent above 2021 levels at the same time of the year. The 2021 and 2022 levels are in stark contrast and exponentially more than the numbers in FHEO’s recent past; the 2022 inquiry year-to-date level is 6,174 more inquiries than in 2018. For years, FHEO staff has had to balance the Title VIII workload and continues to do so.
  - Training for staff is required in order to properly handle fair housing cases. Additional training for proper referral for other services, including eviction prevention support and mental health support, may also be necessary.

- **FHEO's monitoring of additional workload for Fair Housing Assistance Program (FHAP) and Fair Housing Initiatives Program (FHIP) grants**
  - Increased COVID-related funding for FHAP and FHIP through the CARES Act and American Rescue Plan have increased the workload for FHEO staff, particularly for the monitoring of FHAP agencies and FHIP grantees.

- **Preventing housing discrimination against the LGBTQ+ community**
  - Efforts to fully enforce the Fair Housing Act to combat discrimination on the basis of sexual orientation and gender identity will require sustained resources for enforcement, training, and education and outreach. This work is in line with a key administration priority, as laid out in *Executive Order 13988 – Executive Order on Preventing and Combating Discrimination on the Basis of Gender Identity or Sexual Orientation*.

- **Addressing complex systemic housing discrimination issues**
  - Many emerging issues of housing discrimination such as environmental justice, algorithmic discrimination in lending, and other lending discrimination require personnel and outside contracting for specialized analytical services.
  - As one example, combating lending discrimination will require significant resources in the form of contracting funds and information technology support to conduct complex regression analysis of mortgage lending data. FHEO requires these resources to monitor the underwriting and lending guidelines of Fannie Mae and Freddie Mac, the two major government-sponsored enterprises in the conventional secondary mortgage market, for compliance with fair lending laws.
  - On the appraisal bias front, FHEO will also likely be expected to carry out follow up work resulting from recommendations made by the Property Appraisal and Valuation Equity Interagency Taskforce.

- **Ensuring compliance with civil rights laws in HUD-funded programs**
  - FHEO plays a critical role in conducting limited front-end reviews and compliance reviews of HUD-funded programs. These reviews are extremely time-intensive, and due
to insufficient resourcing, FHEO has often had to divert compliance staff away from this work stream to address statutorily required Title VIII investigations and enforcement activities. FHEO requires sufficient resourcing to ensure proper front-end and compliance coverage of HUD-funded programs nationwide in keeping with civil rights laws and the President’s Memorandum to HUD on Redressing Our Nation’s and the Federal Government’s History of Discriminatory Housing Practices and Policies.

- **Ensuring equity in HUD’s disaster recovery program**
  - Unprecedented levels of disaster recovery and mitigation funding in the CDBG-DR program requires consistent and sustained equity analyses. FHEO’s ability to respond and deliver equity analyses to ensure fairness in grantee administration of disaster funding depends on sufficient resourcing. This work is also in keeping with, not only civil rights laws, but the Administration’s directives.

- **FHEO’s capacity to address other significant issues requiring expertise**
  - FHEO’s work intersects with other high priority areas, including ensuring that the design and construction of multifamily housing contains adequate accessibility for persons with disabilities, addressing discrimination that targets formerly incarcerated persons, and investigating exclusionary zoning and land use restrictions. This work also requires significant resources to enable proper staff coverage throughout the country.

AFFH demands specific mention for the impact of this top administration priority on FHEO’s resource needs. In 2023, FHEO plans to hire an additional 25 FTEs to support this effort. HUD’s previous AFFH experience and stakeholder feedback make it clear that effective AFFH implementation will require resources for staffing, proper training, technological support, and communications expertise. This budget level is needed to provide the necessary resources to allow FHEO to accomplish HUD’s existing responsibilities while beginning comprehensive implementation of the AFFH mandate in a fashion consistent with the requirement and stakeholder needs.

The specific components of FHEO’s AFFH work, all of which requires resourcing at an adequate level, include:

- **Technical Assistance**: In order to increase the volume and quality of AFFH technical assistance (TA) as requested by HUD funding recipients and other stakeholders and HUD program offices, FHEO must increase its staff to provide oversight of TA providers and oversee direct TA to HUD funding recipients.

- **Data & Mapping**: FHEO requires resources to develop improved mapping functionality that can help HUD staff and HUD funding recipients identify barriers to fair housing. AFFH requires improvements to the current AFFH-T tool and other potential technology needs. The necessary improvements will require contracting support as well as additional in-house capability through expanded licensing and training on ARC Geographic Information System (ArcGIS) and Microsoft Power Business Intelligence (Power BI) tool. As a component within HUD’s geospatial data program, FHEO is collaborating with OCIO and PD&R to develop these improvements and interfaces. This expanded capability will allow FHEO to produce curated data packages for HUD funding recipients. The specialized skills needed for this function require a minimum of six FTEs, as well as collaboration with the PD&R and OCIO.

- **Guidance**: FHEO anticipates the need for increased and targeted sub-regulatory guidance for AFFH to follow the completion of a final rule. Guidance may also be necessary under the current AFFH interim final rule. This work will require dedicated staffing and expertise.

- **Communication**: Key to the successful implementation of any present or future regulatory updates to AFFH will be clear, consistent, and focused education and outreach. FHEO plans for a targeted education and outreach strategy to message the benefits of AFFH and to
provide clarity about how HUD funding recipients can comply with AFFH regulations. This essential communication function requires additional staffing.

- **Staffing**: Expertise for oversight and review of fair housing plans will be an important piece of AFFH implementation.

Non-Personnel Services (NPS)

The Budget assumes total funding of $4.4 million for FHEO Non-Personnel Services (NPS), which is $578 thousand below the 2022 total funding level. FHEO will allocate $391 thousand in travel, which is a decrease of $109 thousand below the total 2022 total level, for litigating cases, undertaking fair housing investigations, conducting compliance reviews, and education and outreach efforts. FHEO will allocate $3.5 million for contracts, a decrease of $269 thousand below the 2022 total funding level, primarily due to the elimination of the Fair Housing Equal Opportunity Housing Discrimination Testing contract which is not required to be renewed in 2023. Funding for printing and supplies are level with 2022 total funding.

Contract Description

Contract funds support ongoing services for legal subscription service, lending data review, Government-Sponsored Enterprise reviews, and litigation services totaling $1.4 million. The additional, $2.1 million builds on 2022 contract activities, as described below:

The FHEO Budget requests $2.1 million for renewed contracts.

<table>
<thead>
<tr>
<th>2023 Renewed Contracts</th>
<th>Funding Level</th>
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<tbody>
<tr>
<td>Customer Relationship Manager Subscription</td>
<td>$360,000</td>
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<tr>
<td>FHEO Data Science</td>
<td>$675,000</td>
</tr>
<tr>
<td>Digital Communications &amp; Outreach Modernization</td>
<td>$1,100,000</td>
</tr>
<tr>
<td>Total</td>
<td>$2,135,000</td>
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</tbody>
</table>

The following highlights recent activities in support of FHEO’s mission:

**Marketing Cloud and Customer Relationship Management**: This contract supports FHEO’s responsibility of increasing awareness of the public’s fair housing rights and housing providers fair housing responsibilities. Also, the contract will increase public engagement through human-centric designed automation to improve HUD customers’ experience.

**Digital Communications & Outreach Modernization**: This contract addresses FHEO’s responsibility to ensure racial and ethnic equality and equity in housing by improving HUD’s ability to raise awareness among the general public about fair housing issues. The contract will assist FHEO in shaping the conversation about high-profile fair housing initiatives and the creation of forward-facing communications to improve equal housing opportunities for all.

**Data Science Program**: This contract addresses FHEO’s responsibility of ensuring civil rights in all HUD programs through compliance data by creating a central repository. In addition, this contract will perform data analysis on the identified risk assessed as civil rights issues.

**Working Capital Fund (WCF)**

The Budget assumes total funding of $4.2 million for FHEO’s contribution to the Working Capital Fund (WCF), $2.9 million above the 2022 total funding level. The WCF funding level reflects payments for baseline WCF services (including inflationary adjustments and changes in service utilization) and the additions of the End-User Devices business line, the Printing Services business
Program Office Priorities

- Preventing and Combating Discrimination on the Basis of Gender Identity or Sexual Orientation under Executive Order under EO 13988.
- Advancing Racial Equity and Support for Underserved Communities under EO 13985.
- Presidential Memorandum to Secretary on Redressing Our Nation’s and the Federal Government’s History of Discriminatory Housing Practices and Policies:
  - Restore the Disparate Impact/Discriminatory Effects Rule
  - Reinstitute a Framework for Affirmatively Furthering Fair Housing.
- Ensuring an Equitable Pandemic Recovery and Response under EO 13995 through Fair Housing Guidance:
  - COVID-19
  - Eviction/Forbearance/Foreclosure Moratorium Expirations
  - Availability of Supplemental Fair Housing Assistance Program (FHAP) Funding.
- Tackling the Climate Crisis under EO 14008 through Environmental Justice Collaborations with the Environmental Protection Agency, the Department of Justice, and other Federal Partners.
- Strengthening Integration and Inclusion Efforts for New Americans under EO 14012 through the Limited English Proficiency Initiative and Civil Rights Compliance.
- Develop robust civil rights compliance across HUD Programs and in HUD-funded activities.
- Rebuild HUD’s Role in Systemic Fair Housing and Fair Lending Enforcement:
  - Appraisal Equity Initiative
  - Government-Sponsored Enterprise Monitoring
  - Algorithmic Methodologies – Online Advertising and Automated Valuations
- Modernize and Advance State-of-the-Art Standards for Accessible Housing.
- Joint HUD-Department of Health and Human Services Effort to promote service-supported, community-based, and accessible housing opportunities for people with disabilities.
- Interim Final Rule (IFR) for AFFH issued June 10, 2021, restored implementation of the AFFH requirement. FHEO is preparing for the possibility of additional streams of work required by a Notice of Proposed Rulemaking. Areas of work include:
  - Providing training and tools for HUD funding recipients to create meaningful goals to address patterns of segregation.
  - Holding community and stakeholder engagement sessions to receive feedback on improvements.
  - Implementing a national communications strategy to explain AFFH.
  - Engaging and partnering with other Federal agencies on tying in resources and data to assist HUD funding recipients to make transformational change in communities and jurisdictions. (Health, Education, Food, Transportation-HEFT)
  - Significantly investing in staffing, a data and mapping tool, and overall infrastructure to manage the work.

Information Technology

Within the Information Technology Fund, the Budget requests $1 million for Affirmatively Furthering Fair Housing Compliance Improvements.
Program Pain Point
The Fair Housing Act, requires HUD and recipients of federal funds from HUD to affirmatively further the policies and purposes of the Fair Housing Act, also known as “affirmatively further fair housing” or “AFFH.” The obligation to affirmatively further fair housing requires recipients of HUD funds to take meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. To facilitate the review of data from funding recipients, two legacy systems were created for the implementation of the 2015 Affirmatively Furthering Fair Housing Rule: the Data and Mapping Tool (AFFH-T) and the AFFH User Interface (AFFH UI). The AFFH-T is online and has been maintained but was never fully actualized. It provides information at the local government level but does not have information at the PHA or State level. However, to provide more updated maps, better usability, and more information FHEO is requesting additional funding to make improvements to the tool.

The AFFH UI was taken offline January 2018 and a new system will be needed to comply with any future Notice of Proposed Rulemaking on AFFH. The current AFFH Interim Final Rule (IFR) does not require use of an UI, as it only requires voluntary submission, which can take any format. The IFR also eliminates certain requirements involved in the 2015 rule. A Notice of Proposed Rulemaking (NPRM) will likely contemplate a completely different process and structure from the 2015 rule and assessment tool. As such, only a new system will work.

Mission Benefits
The AFFH-T will provide grantees an opportunity to see maps and demographical information from vetted and reliable sources that will assist in their understanding of the unique factors of their jurisdiction. The tool already includes information on poverty rates, environmental factors, access to food, availability of healthcare, access to schools etc. However, we would like to use the funding to add additional data points and enhance customer usability. The changes to the tool will aid funding recipients in the process of creating goals that target their unique challenges. Additionally, by expanding the types of grantees and recipients (PHAs and state grantees) that can utilize the information provided in the data and mapping tool we will increase the successful implementation and execution of AFFH.

The AFFH-UI will provide grantees with a portal for digital filings of AFFH reports that will replace a cumbersome paper-based process. Electronic filing of reports will make it easier to submit and review the files required by the AFFH rule. Other benefits include:

- Integration with other business systems will reduce redundancy of data across multiple systems.
- Automated FHEO Reviewer Instructions will enable completion of assessment reviews within the required timeline.
- Increased system interoperability and information sharing within the Department and among other federal agencies and external organizations.

Target Functionality
- An updated AFFH-T will provide funding recipients with updated demographic information to better aid in goal setting to adhere with the mandate of AFFH.
- The AFFH-UI solution shall provide a basic reporting module to monitor the activities associated with the submissions and review processes.
- The AFFH-UI solution will have routing, tracking, and other data functions to incorporate reporting both for end users and management.

Projected Cost Savings
This project provides electronic filing capability to grantees, which has been a cumbersome paper-based process and will generate the Notice of Receipt, rather than it having to be manually typed and issued. These will save labor costs for both HUD staff and grantees.
For additional information regarding HUD’s Information Technology investments, please see the Information Technology Fund Justification.

KEY OPERATIONAL INITIATIVES

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 (the Fair Housing Act); and Section 504 of the Rehabilitation Act of 1973. In addition to processing over 1,000 complaints per year, the Office oversees 5,900 complaints investigations conducted annually. The FHAP agencies investigate approximately 80 percent of the administrative fair housing complaints filed in the country. Currently, there are 77 FHAP agencies in the program, including 35 States (including the District of Columbia) and 42 localities. FHEO also administers and oversees the Fair Housing Initiatives Program (FHIP), funding 128 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, rent, or finance 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.

This Budget makes an investment toward eradicating race, national origin, disability, and other discrimination in the housing and credit market; reducing gaps in homeownership based on protected characteristics, and otherwise advancing racial equity and supporting underserved communities and populations in housing and community development. The task is a large one. Despite decades of prohibitions against housing discrimination, audits of race and national origin discrimination in the rental and sales market continue to show high occurrence of discrimination nationwide. Mortgage lenders still reject Black borrowers almost twice as often as White borrowers, and discrimination in the homebuying process, including appraisals, may be a factor. Architects and builders continue to design and construct housing that is inaccessible for individuals with disabilities in violation of Fair Housing Act, Section 504, Architectural Barriers Act, and Americans with Disabilities Act requirements. Studies have found that same-sex couples and transgender persons in communities across the country experience demonstrably less favorable treatment than their counterparts when seeking housing. Many cities with large populations and large rural areas have no fair housing organizations.

To deal with these major issues and others, the Department will carry out a targeted, focused and coordinated strategy for enforcement, education, and outreach. In 2016, FHEO began implementation of a robust Enterprise Risk Management (ERM) framework for identifying and managing risk. In subsequent years, working with the Department, FHEO began 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 Information Technology (IT) and performance goals to be reflective of FHEO’s risk profile, risk appetite, risk tolerance, and priorities.

The Office of Systemic Investigations (OSI) plays a vital role in fortifying fair housing capacity to identify, coordinate, conciliate, and otherwise manage the investigations of systemic fair housing.

complaints, Secretary-initiated investigations, complaints involving novel and/or complex issues, and high-profile complaints, such as discrimination in design and construction of multifamily housing, reasonable accommodation/modifications, mortgage lending, homeowners' insurance, appraisals, and zoning and land use. In a systemic investigation, multiple victims may be identified, and OSI will typically uncover broad patterns of discrimination. These additions will enhance the OSI capacity to analyze complex industry data and conduct fair housing/fair lending testing to uncover unscrupulous real estate professionals and system-generated biases that undermine the goals of the Department and create barriers to credit and wealth building for Black Americans and other communities of color.

Promoting wealth building in underserved communities and populations requires equitable access to fair mortgage lending, fair mortgage insurance, fair residential property appraisals, and removal of unnecessary barriers to minorities to participate in the provision of mortgage brokerage services. This is a growing priority for the Department, and FHEO will need additional resources to properly investigate bias in appraisals.