

**FAIR HOUSING AND EQUAL OPPORTUNITY
FAIR HOUSING PROGRAMS
2019 Summary Statement and Initiatives
(Dollars in Thousands)**

FAIR HOUSING PROGRAMS	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2017 Appropriation	\$65,867 ^a	\$6,472	...	\$72,339	\$40,150	\$63,971
2018 Annualized CR	65,300	32,004 ^b	-\$443 ^c	96,861	65,000	65,000
2019 Request	<u>62,300</u>	<u>31,861</u>	...	<u>94,161</u>	<u>62,000</u>	<u>66,000</u>
Change from 2018	-3,000	-143	+443	-2,700	-3,000	+1,000

a/ The 2017 enacted level includes \$567 thousand collected in National Fair Housing Training Academy (NFHTA) fees.

b/ The 2018 carryover excludes \$185 thousand in expired funding.

c/ Public Law 115-56 requires a reduction of 0.6791 percent from the fiscal year 2017 enacted budget authority.

1. Program Purpose and Fiscal Year 2019 Budget Overview

The 2019 President’s Budget request for the Fair Housing Program is \$62.3 million, which is \$2.6 million less than the 2018 Annualized CR Level. The mission of HUD’s Office of Fair Housing and Equal Opportunity (FHEO) 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. The Fair Housing Program funds four activities: (1) Fair Housing Initiatives Program (FHIP); (2) Fair Housing Assistance Program (FHAP); (3) Limited English Proficiency Initiative (LEPI); and (4) National Fair Housing Training Academy (NFHTA). Along with the work of HUD's Office of Fair Housing and Equal Opportunity, these programs work in concert to redress injuries to victims, prevent housing discrimination and eliminate segregation.

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Fair Housing Activity	FY 2017 Enacted	FY 2018 Annualized CR	FY 2019 Request	Increase/Decrease From FY 2018
Fair Housing Initiatives Program (FHIP)	\$39,200,000	\$38,933,793	\$36,200,000	-\$2,733,793
Fair Housing Assistance Program (FHAP)	24,300,000	24,134,979	24,300,000	165,021
Limited English Proficiency Initiative (LEPI)	300,000	297,963	300,000	2,037
National Fair Housing Training Academy (NFHTA)*	1,500,000	1,489,813	1,500,000	10,187
Program Total	\$65,300,000	\$64,856,548	\$62,300,000	-\$2,556,548

*Does not include fees collected from program participants.

2. Request

Fair Housing Initiatives Program

The Fair Housing Initiatives Program (FHIP) provides fair housing enforcement and education nationally. This is accomplished through the interplay of three major components: the Private Enforcement Initiative (PEI), the Fair Housing Organizations Initiatives (FHOI), and the Education and Outreach Initiatives (EOI). PEI supports high quality, effective investigations and testing by private fair housing organizations in more than 120 communities. A second major initiative, FHOI enhances the capacity of existing organizations to provide fair housing enforcement services or creates new organizations in areas of the country which are underserved or unserved or those areas where large concentration of protected classes exist. Through EOI, FHIP grantees conduct education campaigns on the rights, responsibilities, remedies, and resources available under the Fair Housing Act. Each year the Department awards local and regional grants that fund more than 31,000 local education and outreach efforts, working with people in the communities to provide information, referrals, education and training on fair housing rights. In addition, the Department awards a national fair housing education and outreach grant to disseminate a broad national fair housing message. A separate

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education program, Fair Housing accessibility FIRST educates builders, designers, architects, and planners on the Fair Housing Act’s accessibility.

The request of \$36.2 million would continue to fund private fair housing organizations that interview potential complainants and conduct investigations to include testing for unlawful discrimination and supporting local compliance with the Fair Housing Act. This level of funding will:

- Allow a variety of education and outreach activities for consumers and the housing industry, including media campaigns;
- Allow for the continued operation of the Accessibility Fair Housing Instruction Resources Support and Technical guidance (Accessibility FIRST) that trains industry professionals on the design and construction requirements of the Fair Housing Act;
- Provide \$30.4 million annual funding level to multiyear Private Enforcement Initiative grantees to serve the nation’s largest metropolitan areas; and
- Continue support for one or more Education and Outreach Initiative (EOI) national education and outreach media campaigns.

Fair Housing Initiative Program (FHIP)	FY 2017 Enacted	FY 2018 Annualized CR	FY 2019 Request	Increase/Decrease From FY 2018
Private Enforcement Initiative	\$30,350,000	\$30,350,000	\$30,350,000	...
Education and Outreach Initiative	7,449,935	7,583,793	4,850,000	-2,733,793
Fair Housing Organizations Initiative (FHOI)	900,000	500,000	500,000	...
FIRST	500,065	500,000	500,000	...
Activity Total	\$39,200,000	\$38,933,793	\$36,200,000	-\$2,733,793

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Fair Housing Assistance Program

The Fair Housing Assistance Program (FHAP) provides consistent and dependable funding to HUD’s partner state and local civil rights enforcement agencies that provide rights, remedies, and procedures that are equivalent to the Fair Housing Act. FHAP provides support to approximately 83 state and local government civil rights agencies to investigate and prosecute housing discrimination within their jurisdictions. These agencies investigate the majority (approximately 80 percent) of the administrative fair housing complaints filed in the country to ensure compliance with fair housing laws, and, where necessary, litigate complaints to address violations.

The \$24.3 million Fair Housing Assistance Program (FHAP) request would continue to support state and local fair housing administrative agencies that interview potential complainants and conduct investigations. This level of funding will:

- Provide for the investigation and remedy of complaints of discrimination;
- Deter willful violators through enforcement of fair housing laws;
- Educate potential victims both to assert their civil rights and to seek remedies.
- Enhance FHAP program outcomes through the award of Partnership funds and Special Enforcement Effort funds, subject to the availability of funds.

Fair Housing Assistance Program (FHAP)	FY 2017 Enacted	FY 2018 Annualized CR	FY 2019 Request	Increase/Decrease From FY 2018
Complaint Processing	\$17,000,000	\$ 16,978,500	\$17,370,739	\$392,239
Administrative Costs	4,400,000	4,602,323	4,498,011	-104,312
Training	2,100,000	2,354,156	2,231,250	-122,906
SEE Funding	800,000	100,000	100,000	...
Partnership	0	100,000	100,000	0
Activity Total	\$24,300,000	\$24,134,979	\$24,300,000	\$165,021

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Limited English Proficiency Initiative

The Limited English Proficiency Initiative (LEPI) is a direct initiative to ensure HUD’s compliance with Executive Order 13166 requiring federal agencies to assess and address the needs of otherwise eligible persons seeking access to federally-conducted programs and activities who, due to limited English proficiency (LEP), cannot fully and equally participate in or benefit from those programs and activities.

The Limited English Proficiency Initiative (LEPI) funding level request of \$300 thousand would provide:

- Department-wide language services contracts that support all HUD program offices efforts to fulfill its mission critical work. For example, the LEPI funds ensured that over 600 documents were translated for the public, including many to address the Hurricane Disaster Recovery work.
- Support for Fair Housing and Equal Opportunity’s responsibility to investigate housing discrimination complaints, conduct compliance reviews of HUD-funded recipients, and provide Fair Housing civil rights information to the public. Additionally, LEPI supports the Offices of the Secretary and Deputy Secretary, Administration, Field Policy & Management, HUD Emergency Operations Center, Office of Housing Counseling, Public Affairs, Public and Indian Housing, Office of Housing, and Lead Hazard Control and Healthy Homes in their efforts to address the needs of the public regarding civil rights, housing opportunities, and disaster recovery.

Limited English Proficiency Initiative (LEPI)	FY 2017 Enacted	FY 2018 Annualized CR	FY 2019 Request	Increase/Decrease From FY 2018
LEPI	\$300,000	\$297,963	\$300,000	\$2,037

National Fair Housing Training Academy

The Patricia Roberts Harris National Fair Housing Training Academy (NFHTA) NFHTA provides fair housing and civil rights training to federal, state, and local agencies, educators, attorneys, industry representatives, FHEO staff, and other housing industry professionals. NFHTA has offered a 5-week investigator certification program and advanced courses in lending, accessibility, executive leadership, and conciliation. This investment in the capacity of fair housing professionals allows the FHAP to operate more efficiently and produce cases with larger impacts in coming years. Cost factors include instructor time and travel costs and overhead, curriculum development and updates and development of consistent fair housing education materials.

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NFHTA temporarily stopped providing classes in September 2017 in order to find a more cost-effective approach to structuring the academy. HUD plans to re-establish NFHTA by fiscal year 2019 to solely focus on the 5-week certification program and become an entirely online learning experience. This would reduce expenditures on instructor travel and the maintenance of a physical location.

National Fair Housing Training Academy (NFHTA)	FY 2017 Enacted	FY 2018 Annualized CR	FY 2019 Request	Increase/Decrease From FY 2018
NFHTA	\$1,500,000	1,489,814	\$1,500,000	\$10,187

3. Justification

Efficiency and Effectiveness of the Programs

The exclusion of African Americans and other minorities from neighborhoods that offer high quality schools and access to jobs and quality services has perpetuated racial inequalities in the United States. A study on the effect of housing segregation on Latino employment found that in cities with greater segregation, employment rates were lower for Latino men, and as these cities became more segregated over a 20-year period, employment rates of Latino men decreased even further.¹ Racial segregation has also been identified as having a negative effect on communities' economic growth as well as on individual skill sets.² America cannot reach its fullest potential compared to the rest of the world if segregation and discrimination prevent people from accessing good schools and good jobs.

Despite the persistence of discrimination, federally funded fair housing enforcement and education have complimented and reinforced social changes. There are four complementary mechanisms by which Congressional appropriations for FHAP, FHIP, and NFHTA reduce housing discrimination:

1. Detection and remedy of discrimination;

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

² Li Huiping, Campbell, Harrison, Fernandez, Steven, "Residential Segregation, Spatial Mismatch and Economic Growth across US Metropolitan Areas," (2013) available at <http://usj.sagepub.com/content/50/13/2642>

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2. Deterrence of willful violators through increased severity, immediacy, or probability of penalties;
3. Education of violators about their legal responsibilities; and
4. Educating potential victims both to assert their civil rights and to seek remedies.

The FHIP, the FHAP, and the NFHTA address housing discrimination and its long-term consequences and are the only funded programs in the federal government dedicated to assisting individuals to get justice for housing discrimination. Along with the work of HUD's Office of Fair Housing and Equal Opportunity, these programs work in concert to redress injuries to victims, prevent housing discrimination and eliminate segregation.

HUD's fair housing programs each play a crucial and unique role in the Department's work to support fair housing enforcement and education and to strengthen the efforts of states, communities, and public housing authorities to prevent discrimination. Though Title VIII of the Civil Rights Act of 1968 outlawed housing discrimination more than 45 years ago, housing discrimination of all types continues in communities throughout the nation.

Enforcement

While HUD has the primary responsibility for enforcement of the Fair Housing Act, it cannot possibly fulfill this vital responsibility without its partners, both public (FHAP) and private (FHIP). These partners are valuable because they provide local knowledge and context to HUD's enforcement efforts. The FHAP program fills a crucial gap—ensuring that potential victims of housing discrimination have the opportunity to pursue relief for alleged fair housing violations. The National Fair Housing Alliance, a national consortium of more than 220 private, non-profit fair housing organizations, state and local civil rights agencies, and individuals, estimates that more than 4.0 million people every year are victims of discrimination.³ The HUD-sponsored Housing Discrimination Study (HDS 2012) concluded that while the most blatant forms of housing discrimination have declined, other, less easily detectable forms of discrimination persist, affecting millions of American families annually, keeping them from the opportunities they deserve.

The total number of fair housing complaints filed under the Fair Housing Act and equivalent state and local laws in fiscal year 2017 was 8,166; FHAP agencies processed 6,862 or 84.0 percent, of those complaints. This represents a 0.4 percent increase from fiscal year 2016. FHAP agencies serve as the initial point of contact for persons who believe they have been subject to fair housing violations. In fiscal year 2017, FHAP agencies initiated more than half (58.4 percent) of the complaints filed, and the share of FHAP initiated complaints has grown steadily since fiscal year 2010, demonstrating the value of the local presence of FHAP agencies.

HUD's FHAP partners achieve positive outcomes for numerous complainants and other affected parties and represent a cost-effective strategy for the execution of HUD's Fair Housing Act enforcement responsibilities. FHAP agencies routinely process over 80 percent

³ National Fair Housing Alliance, 2013 Fair Housing Trends Report; Modernizing the Fair Housing Act for the 21st Century, 2013.

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of the fair housing cases filed with HUD. In addition, the efficiencies of local processing lead to greater timeliness by FHAP agencies almost half (44.8 percent) of all FHAP cases completed in fiscal year 2017 were completed in less than 100 days. FHAP agencies vindicate the rights of victims of unlawful housing discrimination through both enforcement of cause findings and through conciliation – FHAP agencies successfully conciliated 28.8 percent of their cases in fiscal year 2016. The resolution of these cases opens doors to housing opportunities that otherwise would have been closed, provide monetary relief to aggrieved persons and secure reasonable accommodations and modifications for persons with disabilities who might otherwise be unable to obtain housing suited to their needs. In addition to obtaining relief for victims, FHAP agencies often obtain relief for the greater community as well in the form of public interest relief such as changes in discriminatory policies and training for housing providers who have violated fair housing laws.

FHAP's state and local agencies provide a presence in their communities to serve the needs of their own citizens. Because of the timeliness of FHAP investigations and efficiencies gained through local presence (the average age of FHAP closed cases is consistently well below the age of HUD-closed cases), the FHAP program allows HUD to meet its own responsibilities with respect to civil rights enforcement – through its enforcement partners – in a cost-effective manner. The presence of a FHAP agency in a community increases the likelihood that a victim of discrimination will file a complaint. For fiscal year 2019, FHEO also intends to use its existing authority to enhance FHAP program outcomes, to further educate individuals about their fair housing rights and to support increased enforcement of reasonable cause findings, through the award of Partnership and Special Enforcement Effort funds.

Education

A study of FHIP-referred complaints to HUD and FHAP agencies found that 90 percent of FHIP-generated inquiries referred to HUD are converted to complaints. Cases closed from historical data found that where a FHIP-funded organization was a complainant, 63 percent were conciliated and settled, and for cases where a FHIP-funded organization represented a complainant, 36 percent of the cases were conciliated and settled. Moreover, FHIP-referred cases also had a higher cause finding rate, and FHIP-referred cases ending in a cause finding took less time to complete. These findings are likely a result of FHIPs evaluating inquiries and developing complaints, and providing crucial testing evidence to support complaints. Further, FHIP has funded a comprehensive Tester Coordinator training program to build consistency in testing among all FHIP funded enforcement organizations.

On December 4, 2015, a lawsuit was filed in the United States District Court, Western District of Oklahoma by the Metropolitan Fair Housing Council of Oklahoma, Inc. (MFHC, Inc.), and plaintiffs against landlords and business entities for discrimination, harassment and retaliation in violation of the Fair Housing Act and related state statutes. The complaint alleged that since 2008, the landlords discriminated against female tenants on the basis of sex by subjecting them to severe, pervasive and unwelcome sexual harassment. Additionally, since 2008, the landlords engaged in a pattern or practice of discrimination that targeted mostly poor,

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African American, single women and mothers with children for sexual harassment; and that he targets this group of tenants, exploiting their vulnerability to demand or extract sexual favors from them. In December 2017, MFHC, Inc. announced a settlement of \$800,000 by a Consent Decree. The landlords shall cease and desist from any contact or communication with any person occupying or seeking to occupy a rental dwelling managed or operated by any defendant. The decree also includes mandatory fair housing training for all defendants and their agents, current and new employees; adopting a written policy prohibiting discrimination, including sexual harassment; displaying HUD Fair Housing posters in rental properties and providing HUD Fair Housing complaint brochures to current and new tenants.

Victories for fair housing like this are possible because of the partnerships formed between HUD and local public and private fair housing organizations. The hard work of these organizations together with HUD grants help ensure that Americans across the country receive equal access to housing, neighborhoods, and opportunity.

Funding for FHAP agencies and FHIP organizations both contribute substantially to the first two mechanisms, detection and deterrence. NFHTA enhances the first two factors by increasing the capacity of local partners to improve the timeliness, consistency, and probability of detection and conciliation. Speedy and successful investigations, especially when publicized,⁴ strengthen the deterrence of willful violations. FHIP education and outreach efforts primarily operate through the latter two mechanisms, educating landlords/agents, as well as those seeking housing.

Further, similar to fiscal year 2016, HUD would provide EOI funding to the National Media campaign to support training and education and outreach on a national basis. For example, our current EOI National Media TV PSA campaign received over \$6.5 million in donated media and achieved over 280 million household impressions. The radio campaign received over \$625,000 in donated media and reached over 21 million listeners.

The long-term results of HUD's efforts to combat housing discrimination are seen both in reduced discrimination in HDS studies and in controlled econometric studies. The Department's Housing Discrimination against Racial and Ethnic Minorities Study (HDS)⁵ in 2012 found that real estate agents and rental housing providers recommend and show fewer available homes and apartments to minority families, thereby increasing their costs and restricting their housing options. However, the study also showed that FHIP and FHAP are having an effect, finding that, "long-term trends in patterns of discrimination suggest that the attitudes and actions of rental and sales agents have changed over time, and that fair housing enforcement and public education are working." The 2012 HDS recommended follow-up testing and enforcement so that enforcement strategies do not rely primarily on individual complaints

⁴ Myers, Samuel L., Jr. "Final Report: The Deterrent Effects of Media Accounts and HUD Enforcement on Racial Disparities in Loan Denial Rates." 2007. http://www.hhh.umn.edu/centers/wilkins/pdf/HUD_finalreport_march2009.pdf.

⁵ Housing Discrimination Against Racial and Ethnic Minorities, (2012) at page 13, *available at* http://www.huduser.org/Publications/pdf/HUD-514_HDS2012_execsumm.pdf

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of suspected discrimination. It recommended that HUD encourage the local fair housing organizations it funds to conduct more proactive testing.⁶ Studies of the effectiveness of FHIP have shown that FHIP agencies increase the number and quality of fair housing complaints investigated. In addition, the 2012 HDS found continued evidence of discrimination against Black and Asian home-seekers, although reduced from prior studies. Ross and Galster studied variation of enforcement activity between metropolitan areas, and concluded, "Higher amounts of state and local enforcement activity supported by HUD through its FHIP and FHAP programs (especially the amount of dollars awarded by the courts) were consistently associated with greater declines in discrimination against black apartment-seekers and home-seekers."⁷

General Provisions

The President's Budget proposes the following General Provision for Fair Housing Programs:

- The Department will not use its authority under the Fair Housing Act to investigate or prosecute legal activity (Section 202).

⁶ Ibid.

⁷ Ross, Stephen L., and George C. Galster. "Fair Housing Enforcement and Changes in Discrimination between 1989 and 2000: An Exploratory Study." University of Connecticut Working Paper 2005-16, 2005.

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

<u>Budget Activity</u>	<u>2017 Budget Authority</u>	<u>2016 Carryover Into 2017</u>	<u>2017 Total Resources</u>	<u>2017 Obligations</u>	<u>2018 Annualized CR</u>	<u>2017 Carryover Into 2018</u>	<u>2018 Total Resources</u>	<u>2019 Request</u>
Fair Housing Initiatives Program	\$39,200	\$1,500	\$40,700	\$16,014	\$38,934	\$24,681	\$63,615	\$36,200
Fair Housing Assistance Program	24,300	4,564	28,864	23,850	24,135	5,015	29,150	24,300
Fair Housing Limited English Proficiency Program	300	280	580	286	298	241	539	300
National Fair Housing Training Academy	<u>2,067</u>	<u>128</u>	<u>2,195</u>	<u>...</u>	<u>1,490</u>	<u>2,067</u>	<u>3,557</u>	<u>1,500</u>
Total	65,867	6,472	72,339	40,150	64,857	32,004	96,861	62,300

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**FAIR HOUSING AND EQUAL OPPORTUNITY
FAIR HOUSING PROGRAMS
Appropriations Language**

The fiscal year 2019 President's Budget includes the appropriation language listed below.

For contracts, grants, and other assistance, not otherwise provided for, as authorized by title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988, and section 561 of the Housing and Community Development Act of 1987, as amended, \$62,300,000, to remain available until September 30, 2020: Provided, That notwithstanding 31 U.S.C. 3302, the Secretary may assess and collect fees to cover the costs of the Fair Housing Training Academy, and may use such funds to provide such training: Provided further, That no funds made available under this heading shall be used to lobby the executive or legislative branches of the Federal Government in connection with a specific contract, grant, or loan: Provided further, That of the funds made available under this heading, \$300,000 shall be available to the Secretary for the creation and promotion of translated materials and other programs that support the assistance of persons with limited English proficiency in utilizing the services provided by the Department of Housing and Urban Development.

Note.—A full-year 2018 Annualized CR for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2018 (Division D of P.L. 115-56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution.