

Funding of Fair Housing Activities

April 23, 1985

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

OFFICE OF THE ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT

MEMORANDUM FOR: All Regional Administrators-
Regional Housing Commissioners

ATTENTION: All Regional Directors for CPD and FHEO
All Category A Field Office Managers
All CPD and FHEO Division Directors

FROM: Alfred C. Moran, Assistant Secretary for Community Planning and Development, C

SUBJECT: Funding of Fair Housing Activities

On March 22, 1985 Assistant Secretary Antonio Monroig and I signed a letter to all State and Entitlement CDBG Grantees (copy attached). The purpose of this memo is to clarify one aspect of that letter which some grantees might misinterpret.

The assertion that "there is no regulatory or statutory provision that prevents a grantee from funding fair housing activities as both an administrative cost and as a public service" may encourage some grantees to incur ineligible public service costs. When fair housing activities are deemed eligible as a public service under 570.201(e) they do not qualify for the presumption of meeting the national objectives that is accorded under 570.208(d)(f) to activities qualifying as a program administration cost under 570.206. Therefore, they must be carried out so as to meet one of those objectives. Since fair housing counseling is often provided to persons without regard to their income, it may be quite difficult for grantees to qualify it as benefiting low and moderate income persons.

The CDBG regulations §570.200(a)(2), §570.301(a)(2)(i), §570.208 and Section 101(c) of the HCD Act of 1974 make it likely that activities funded as a public service which do not principally benefit low and moderate income households will lead to questioned costs in monitoring or audit findings.

I would appreciate your advising grantees to keep these points in mind when designing fair housing activities funded under the CDBG program.

Attachment

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-2000

OFFICE OF THE ASSISTANT SECRETARY
FOR FAIR HOUSING AND EQUAL OPPORTUNITY

MAR 22 1985

Dear State and Entitlement Community Development Block Grant
Program Grantees:

In pursuit of the fair housing goals established by President Ronald W. Reagan and Secretary Samuel R. Pierce, Jr., the U.S. Department of Housing and Urban Development seeks to guarantee housing opportunities for all Americans through a balanced approach which includes enforcement of applicable laws, and the promotion of voluntary programs at the national, state, and local levels. We have found the creation of public/private partnerships and the implementation of programs resulting from these unions effective producers of positive change.

The April anniversary of the national Fair Housing Law (Title VIII of the Civil Rights Act of 1968) serves as a reminder that, while progress has been made, the national goal expressed in that legislation has not yet been achieved. The Fair Housing Law prohibits discrimination in housing on the basis of race, color, religion, sex, and national origin. Further, the law requires HUD to administer its programs in a manner that affirmatively promotes fair housing.

We consider all Community Development Block Grant grantees partners with HUD in this important effort. Your certification as required by the statute establishing the CDBG program, together with programs initiated by your office in support of fair housing, attest to your recognition of this partnership, as well as your commitment to play a leading role.

The New Horizons Housing Opportunity Program, one of our current partnership thrusts, is designed to assist state and local governments in implementing comprehensive, community-wide approaches to fair housing. It seeks to find new ways to solve old problems by encouraging localities to voluntarily undertake affirmative measures to promote fair housing through the utilization of local discretion and flexibility in the development of strategies to meet our important goal. Technical assistance is available, as needed, from your local HUD office to develop your strategy.

The voluntary process, in this instance, can be accelerated at every level through the use of CDBG funds in its support. We ask you to make necessary funds available in your area.

Funding of fair housing activities through the CDBG program can be accomplished under the public services and administrative cost categories. There is no regulatory or statutory provision that prevents a grantee from funding fair housing activities as both an administrative cost and as a public service. The ceiling on the amount of funds to be spent for public services is 15 percent. The cap on administrative expenses is 20 percent.

HUD invested over one million dollars in this effort during 1984, establishing models and providing technical assistance to selected communities and states across the nation. The Community Housing Resource Boards assumed the lead in organizing these model New Horizons projects.

Participation in the New Horizons program is an activity which demonstrates acceptable performance under your CDBG certification. Moreover, when HUD administers the Small Cities CDBG program, additional points are awarded in the selection process to communities which have recorded outstanding performance records in the area of fair housing.

The New Horizons partnership develops and implements the program as follows:

1. Community officials indicate by letter to the appropriate HUD field office their interest in participating in the program. Field Office staff provides technical assistance and program guidance.
2. The Chief Elected Official of the jurisdiction (governor, county executive, mayor, etc.) appoints community and neighborhood leaders and representatives of housing interest groups (representatives from municipal, regional and county governments, the banking, insurance, and mortgage lending industries, real estate sales, rental, building, and appraisal businesses, fair housing and civil rights groups, state and local human resource commissions, religious organizations, labor unions, corporations, other Federal agencies having an interest in housing, and citizens at large) to the New Horizons Task Force. The HUD field office reviews and approves appointments.
3. The task force meets to establish a planning period during which time a fair housing needs assessment will be completed and a strategy developed. The strategy must utilize the following five general guideline areas: educational activities, assistance to minority families, local compliance, corporate activities, and special programs. The strategy must contain short and long range goals, a timetable for implementation, identification of resources, and provisions for monitoring and evaluation. Following receipt of appropriate approvals, community officials implement the task force strategy.

We urge you to support the New Horizons Housing Opportunity Program with your CDBG dollars.

If you have any questions please contact the following:

Arnold McNeill, New Horizons Program Manager, FHEO (202) 755-7007
Don Patch, Director, Office of Block Grants Assistance, CPD (202) 755-6587

Sincerely,

Alfred C. Moran (Designate)
Assistant Secretary for
Community Planning and Development

Antonio Monroig
Assistant Secretary for Fair Housing and Equal Opportunity