



BOARD OF SUPERVISORS

1101 Vermont Avenue, NW, Suite 710, Washington, DC 20005 • (202) 898-1661 • Fax: (202) 371-9744 • www.nationalfairhousing.org

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December 6, 2008

Stanislaus County Board of Supervisors
 1010 10th Street Suite 6700
 Modesto, CA 95354

Re: Obligation of NSP Grantees to Affirmatively Further Fair Housing

Stanislaus County Board of Supervisors:

I am writing on behalf of the National Fair Housing Alliance to bring your attention to an important component of the Neighborhood Stabilization Program (NSP), a program created under Title III of the Housing and Economic Recovery Act of 2008 to allow states and communities to acquire foreclosed homes for redevelopment or rehabilitation. As you are well aware, NSP funds flow through the Department of Housing and Urban Development's Community Development Block Grant (CDBG) program, a program that contains a regulatory requirement that its funds be spent in ways that *affirmatively further fair housing*. As you await approval from HUD for your action plan substantial amendment, I encourage you to evaluate how your plan redresses past discrimination, encourages future inclusion, is nondiscriminatory, incorporates the principles of integration and overcomes the effects or conditions that have kept your community from being open to all members of protected classes under the Fair Housing Act.

Our current economic crisis was spurred by abusive subprime lending that targeted vulnerable communities of color and the elderly. As such, housing foreclosures have had a disproportionate impact on African-Americans and Latinos and other traditionally underserved communities. People in communities of color have lost billions of dollars in home equity, and today are losing their homes on a massive scale. By allowing states and cities across the country to acquire foreclosed homes for redevelopment, rehabilitation or demolition, the Neighborhood Stabilization Program is an opportunity for jurisdictions to curb the destructive community-wide impact of foreclosures on property values and tax base. It is also an opportunity to promote racially and economically integrated communities that can shield against targeted abusive lending and discriminatory housing practices.

According to section 104(b)(2) of Title I of the Housing and Community Development Act of 1974 as amended, CDBG grantees are required to "affirmatively further fair housing." In the late 1980s, HUD issued CDBG regulations that specifically mention the Analysis of Impediments to Fair Housing Choice in Section 570.904(c)(1). These regulations assert that simply conducting an Analysis does not constitute a fair housing action in and of itself; actions must be undertaken to address the impediments identified. Yet, few CDBG recipients have funded actions to eliminate the impediments. In a 1988 memo, HUD also stated that "where [fair



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housing] organizations exist, it is unlikely that a CDBG community can find a better means of furthering fair housing, and we strongly encourage you to work with and support these groups.”

Because NSP funds flow through the CDBG program, NSP grantees are required to affirmatively further fair housing, whether through programs to address fair housing concerns or funding to sub-recipients who agree to affirmatively further fair housing. There are a number of ways to promote integration, including but certainly not limited to: targeting housing rehabilitation and redevelopment in neighborhoods of high opportunity with respect to jobs, schools and transportation; creating housing in all neighborhoods that is accessible to people in wheelchairs or with other mobility limitations ; creating subsidized/affordable housing in all neighborhoods; removing regulatory barriers to the creation of affordable housing; withholding funds from sub-recipients or jurisdictions that cannot prove they are affirmatively furthering fair housing; evaluating the fair housing record of communities receiving NSP money; and establishing fair housing marketing plans that encourage potential homebuyers to seek out housing opportunities in neighborhoods they may be unlikely to consider on their own

Now is an opportune time to examine your Analysis of Impediments to Fair Housing Choice and its assessment of housing opportunity and levels of segregation in your community. AIs should accurately reflect your community’s needs, describe strategies to improve fair housing compliance, implement strategies and be followed and updated at least every five years. In particular, I encourage you to assess whether members of protected classes under the Fair Housing Act have been disproportionately affected by abusive lending practices and subsequent foreclosures, and establish policies and programs that enable those residents to become homeowners once again.¹ I also urge you to analyze your Consolidated Plan for how it addresses and eliminates impediments to fair housing. Your degree of dedication and commitment to this issue is crucial to ensuring that NSP funds provide housing stability to your community while precluding a re-segregation of residential living patterns.

The National Fair Housing Alliance (NFHA) is the only national organization dedicated solely to ending discrimination in housing. NFHA works to eliminate housing discrimination and to ensure equal housing opportunity for all people through leadership, education and outreach, membership services, public policy initiatives, advocacy and enforcement.

Please feel free to contact me or NFHA’s Director of Public Policy Deidre Swesnik if you have any questions or wish to discuss this matter in more detail.

Sincerely,



Shanna Smith
President & CEO

¹ The Fair Housing Act prohibits housing discrimination on the basis of race, color, national origin, sex, religion, familial status and disability.