DOCUMENT RESUME

04838 - [B0345219]

Stronger Federal Enforcements Needed To Uphold Fair Housing Laws. CED-78-21; B-164855. February 2, 1978. 41 pp. + 6 appendices (22 pp.).

Report to the Congress; by Elmer B. Staats, Comptroller General.

Issue Area: Non-Discrimination and Equal Opportunity Programs: Discrimination in Housing (1006); Domestic Housing and Community Development (2100).
Contact: Community and Economic Development Div.
Budget Function: Community and Regional Development (450); Agriculture (350); Veterans Benefits and Services: Veterans Housing (704).
Organization Concerned: Department of Justice; Veterans Administration; Department of Agriculture; Department of Housing and Urban Development.
Congressional Relevance: House Committee on Banking, Finance and Urban Affairs; Senate Committee on Banking, Housing and Urban Affairs; Congress.
Authority: Civil Rights Act of 1964 (P.L. 88-352). Civil Rights Act of 1968, title VIII (P.L. 90-284). Equal Credit Opportunity Act, as amended (15 U.S.C. 1691). Housing and Urban Development Act of 1969 (P.L. 91-152). Community Development Act of 1974. P.L. 93-383. 12 U.S.C. 1715. 42 U.S.C. 1437f. 42 U.S.C. 3608. Executive Order 11764.

Fair housing activities of Federal agencies are largely covered by two civil rights acts. A review of the compliance and enforcement activities of Federal housing agencies showed that their efforts have not been effective in identifying and eliminating discriminatory practices and seeking timely and appropriate settlements of complaints. Findings/Conclusions: Applicants seeking housing under the Department of Housing and Urban Development (HUD) public housing and subsidized rental housing programs are not provided an equal opportunity on a first-come, first-serve basis as recommended by the agency's own title VI regulations. Applicants desiring a unit are allowed to refuse an unlimited number of offered units without being moved down on the list. This occurs because public housing authorities are not following the tenant selection plans, and subsidized rental housing projects are not required to maintain such plans. Although HUD and Farmers Home Administration issued nearly identical title VI regulations which prohibit segregation among those receiving Federal assistance, the regulations are not similarly implemented. The agency's efforts to resolve discrimination complaints in the private sector have also been ineffective. GAO reviewed 332 complaints received by three regional offices and found that the agency was unable to resolve 247 for lack of clear evidence of discrimination. The agency was able to determine that discrimination occurred in 57 cases; 36 cases were resolved. Twenty-one of the 36 complainants received

housing and/or monetary compensation. Recommendations: The Secretary of HUD should: require all program recipients to establish and implement tenant assignment plans that offer housing on a fair and equitable basis; insure that adequate records are maintained by program recipients to permit effective compliance reviews; assess the significance of certain requirements such as rent paying ability and financial stability of projects in the terms of the objectives of title VI and prepare legislative proposals for change where necessary; require that compliance reviews of housing authorities and section 236 and section 8 recipients be frequent and regularly scheduled; and require that complaints be investigated promptly and thoroughly to insure that recipients are complying with title VI. The Secretary of HUD should: take action to insure that complaints are investigated in a more timely manner; educate the public on the importance of filing complaints as soon as possible after incidents occur; establish a method for expediting the processing of those complaints that are required to be referred to State agencies; monitor conciliation agreements to insure compliance with title VIII; and instruct the office of Fair HOusing and Equal Opportunity to use testers as part of their techniques for determining discrimination involving rental housing. (Author/SW)

5219

# *REPORT TO THE CONGRESS*

## *BY THE COMPTROLLER GENERAL OF THE UNITED STATES*

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# Stronger Federal Enforcements Needed To Uphold Fair Housing Laws

Federal housing agencies have not been effective in identifying and eliminating discriminatory practices and seeking timely and appropriate settlements of complaints. GAO found that:

--Applicants under Federal housing programs are not afforded equal access to housing on a first-come, first-serve basis.

--Two Federal agencies implement laws against discrimination differently.

--Agencies have been untimely or ineffective in resolving housing discrimination complaints.

--Compliance reviews of housing projects have been ineffective.

CED-78-21

FEBRUARY 2, 1978

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-164855

To the President of the Senate and the
Speaker of the House of Representatives

As discussed in this report, Federal housing agencies have been ineffective in identifying and eliminating discriminatory housing practices and seeking timely and appropriate settlement of individuals' complaints.

We examined the complaint and compliance review procedures of the agencies to provide the Congress with information as to whether the policies set forth in title VI of the Civil Rights Act of 1964 (Public Law 88-352) and title VIII of the Civil Rights Act of 1968 (Public Law 90-284) were being effectively implemented and whether the public can be assured of equal opportunity in access to housing.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67) and the Legislative Reorganization Act of 1970 (31 U.S.C. 1152).

We are sending copies of this report to the Acting Director, Office of Management and Budget, Secretaries of Housing and Urban Development and Agriculture, Administrator of Veterans Affairs, and Attorney General.

Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

# STRONGER FEDERAL ENFORCEMENTS NEEDED TO UPHOLD FAIR HOUSING LAWS

## D I G E S T


Fair housing activities of Federal agencies are largely covered by two civil rights acts. The 1964 act prohibits discrimination against beneficiaries of Federal assistance on the basis of race, color, or national origin (title VI). The 1968 act prohibits discrimination on the basis of race, color, religion, national origin, and sex (title VIII) in the sale and rental of federally assisted and private sector housing.

GAO's review of the compliance and enforcement activities of Federal housing agencies showed that their efforts have not been effective in identifying and eliminating discriminatory practices and seeking timely and appropriate settlements of complaints.

Applicants seeking housing under the Department of Housing and Urban Development public housing, and subsidized rental housing programs are not provided an equal opportunity on a first-come, first-serve basis as recommended by the Department's own title VI regulations. Applicants desiring a unit are allowed to refuse an unlimited number of offered units without being moved down on the waiting list. This occurs because (1) public housing authorities are not following the tenant selection plans and (2) subsidized rental housing projects are not required to maintain such plans.

Two program requirements--which regulate the amount of rent a family can pay for public housing and encourage housing authorities to achieve financial stability for tenants--may preclude applicants from housing on a first-come, first-serve basis.

Although the Department and Farmers Home Administration issued nearly identical title VI regulations which prohibit segregation

among those receiving Federal assistance, they are not similarly implemented. (See pp. 10 to 13.)

The Department's efforts to resolve discrimination complaints in the private sector have also been ineffective. GAO reviewed 332 complaints received by three regional offices between January 1, 1973, and April 30, 1976, and found that the Department was unable to resolve 247 for lack of clear evidence of discrimination. In 57 cases the Department was able to determine that discrimination occurred; 36 cases were resolved. Twenty-one of the 36 received housing and/or monetary compensation.

Some complaints are not effectively resolved because

--considerable time elapses before the complainant reports a problem,

--the Department is slow in initiating investigations,

--the requirement that complaints be referred to equivalent State agencies delays processing, and

--the Department lacks authority to enforce compliance.

The Farmers Home Administration usually makes only routine compliance reviews and does little to determine whether fund recipients are complying with title VI. Rural rental housing project managers are not required to maintain necessary records that would help a compliance reviewer determine whether discrimination exists.

The Veterans Administration needs to exert more control over lenders to prevent discriminatory practices and improve its complaint handling procedures.

GAO recommends several ways to strengthen compliance and enforcement activities of Federal agencies responsible for eliminating discrimination in housing. (See pp. 18, 28, and 39.)

## AGENCY COMMENTS

The Department of Housing and Urban Development agreed with these recommendations and said that limited staff resources was one of the major reasons that so few compliance reviews were made and complaint processing was delayed. (See app. I.)

The Department was aware of the deficiencies in the fair housing enforcement effort and stated that a large part of the root cause was the less than ardent commitment to fair housing enforcement of prior administrations. Although HUD requested some staff increases, GAO noted that no major policy changes have been implemented. (See app. II.)

The Department of Justice generally agreed with the conclusions set forth in the report but did not specifically address GAO's recommendation. (See app. III.)

Farmers Home Administration stated that actions would be taken to address GAO's recommendations. (See app. IV.)

Veterans Administration agreed with two of GAO's recommendations and questioned the appropriate way to monitor lenders. (See app. V.)

# Contents

## ABBREVIATIONS

| | |
|---|---|
| FmHA | Farmers Home Administration |
| GAO | General Accounting Office |
| HUD | Department of Housing and Urban Development |
| VA | Veterans Administration |

# CHAPTER 1

## INTRODUCTION

Housing discrimination is illegal, but it still exists. This report discusses one major aspect of Federal agencies' efforts and responsibilities in combating discrimination--compliance with and enforcement of provisions of title VI of the Civil Rights Act of 1964 (Public Law 88-352) and title VIII of the Civil Rights Act of 1968 (Public Law 90-284.)

Equality in housing is a major concern of, not only Federal agencies, but also State and local agencies, nonprofit organizations, and the courts. About 56 public and private, nonprofit fair housing groups and 38 State agencies are concerned with housing discrimination.

Title VI provides that no person shall be discriminated against on the grounds of race, color, or national origin under any Federal financial assistance program. Title VI specifically excludes contracts of insurance and guaranty which are covered by Executive order. Each agency is required to insure compliance with title VI by program recipients and can withhold or withdraw funds from those in noncompliance.

Title VIII prohibits discrimination on the basis of race, color, religion, national origin, or sex in the sale and rental of federally assisted and private sector housing. However, title VIII does not generally apply to owner-occupied dwellings intended to be occupied by four or less families and sales by private owners without using brokers or advertising.

The Department of Housing and Urban Development (HUD) has the major Federal responsibility for assuring equal opportunity in housing. Among HUD's most significant duties are enforcement of titles VI and VIII. HUD monitors compliance with title VI by conducting reviews (indepth examinations of recipients' programs) and investigating complaints from individuals or organizations receiving Federal funds. HUD performs compliance reviews of public housing projects, section 236 housing (12 U.S.C. 1715 z-1), and section 8 housing (42 U.S.C. 1437f). 1/ HUD assures compliance with title

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1/Public housing, section 236, and section 8 housing programs are designed to provide housing for low-income persons.

VIII primarily by receiving, investigating, and conciliating complaints.

The Farmers Home Administration (FmHA) of the Department of Agriculture is responsible for fairly administering single-family and multifamily housing programs that provide funds for housing low- and moderate-income rural persons. The single family housing program has been, in practice, covered by title VIII and the multifamily rural rental housing program by title VI. FmHA is a direct lender, but its officials claim that title VI applies only to situations when an intermediary, such as a developer, receives the loan and, in turn, sells the property to an individual. FmHA makes compliance reviews to insure that rural rental housing borrowers comply with title VI.

Since FmHA is a direct lender for single-family and multifamily housing programs, they are also subject to the provisions of the Equal Credit Opportunity Act, as amended in 1976 (15 U.S.C. sec. 1691 et seq.). This act prohibits creditors from discriminating against any applicant on the basis of race, color, religion, national origin, sex, marital status, or age or because all or part of an applicant's income is derived from any public assistance program.

The Veterans Administration (VA) must comply with the provisions of title VIII to administer its housing loan guaranty program without discrimination. Title VI does not cover VA's loan guaranty program because contracts of insurance or guaranty are specifically excluded. The VA's enforcement authority allows it to disqualify discriminatory lenders.

## SCOPE

To determine the effectiveness of compliance and enforcement activities, we reviewed housing activities of HUD, FmHA, and VA. Work was performed at the HUD central office and at the Atlanta, Chicago, and San Francisco regional offices. At each regional office we sampled and analyzed titles VI and VIII discrimination complaints and title VI compliance reviews. We reviewed compliance review reports and loan criteria in the FmHA central office; State offices in California, Mississippi, New Mexico, and Oklahoma; and 15 county offices in these States. We also obtained information on the FmHA housing programs in Florida, Idaho, Maine, Michigan, Missouri, Montana, New York, and North Carolina. At VA's central office and Boston and San Francisco regional offices, we reviewed rejected loan files and

contacted lenders doing business with VA. We also obtained information from the Department of Justice, the Commission on Civil Rights, State and local fair housing agencies, and several public interest groups.

## CHAPTER 2

## ACTIONS NEEDED TO ELIMINATE DISCRIMINATORY PRACTICES UNDER TITLE VI

From our review of HUD's efforts to enforce compliance with title VI in three regions, we found that (1) the manner in which recipients of funds implement various housing programs results in practices that fail to provide applicants equal access to housing and (2) enforcement activities ineffectively identify and/or eliminate such practices. Recipients often operated projects with predominately white or predominately nonwhite tenants.

We reviewed HUD activities to assure compliance with title VI in regard to three programs--public housing, section 236, and section 8.

### APPLICANTS NOT PROVIDED EQUAL ACCESS TO HOUSING

Three problems tend to work against applicants being provided equal opportunity in obtaining housing units:

--Tenant selection plans required for public housing not being followed.

--Two program requirements which regulate the amount of rent a family can pay for public housing and encourage housing authorities to achieve financial stability for tenants, in some cases, preclude very low-income applicants from obtaining housing.

--Tenant selection plans are not required for section 236 projects.

#### Public housing problems

HUD title VI regulations require housing authorities to offer units to eligible applicants taking into account when their applications are received, the types and sizes of units needed, and factors affecting preference and priority for housing. Special groups or those with housing needs that HUD wants to emphasize in providing benefits receive preference.

We reviewed applicants' files at six housing authorities to determine if persons were (1) offered housing in the order they applied and (2) housed according to the date they applied or became eligible.

Our review showed that housing authorities were not following their tenant selection plans, and all six that we examined were offering units to applicants out of turn, even among applicants with the same preference and need for housing.

At one housing authority, for example, 10 families applied for two-bedroom units between February and May 1976. All were determined to be eligible, and yet, as shown on the following table, the last to apply was the first to receive an offer.

Comparison of Dates Persons Applied, Became Eligible, and Were Offered Units

| Applicant | Date applied | Date eligible | Date offered a unit (note a) | Need for housing based on living conditions when they applied |
|---|---|---|---|---|
| A | 2/18/76 | 3/ 5/76 | No offers | Overcrowded, unsafe |
| B | 2/27/76 | 3/15/76 | No offers | None |
| C | 3/ 4/76 | 3/15/76 | No offers | Sharing |
| D | 3/ 9/76 | 3/2[illegible]/76 | No offers | None |
| E | 3/19/76 | 3/26/76 | 9/13/76 | Sharing |
| F | 3/30/76 | 4/20/76 | No offers | Overcrowded |
| G | 4/ 8/76 | 5/10/76 | No offers | Inadequate |
| H | 4/27/76 | 5/13/76 | No offers | Sharing |
| I | 5/ 6/76 | Not indicated | No offers | Inadequate, unsafe |
| J | 5/18/76 | 6/ 7/76 | 7/ 7/76 | Overcrowded |

a/As of November 3, 1976.

We found little correlation among the dates a family (1) applied for housing, (2) was determined to be eligible, and (3) was actually housed. HUD title VI regulations require that units be provided on a first-come, first-serve basis. Compliance with these regulations makes it unlikely that discrimination will occur in the selection of tenants. How the same authority housed 12 other applicants is shown in the following schedule:

## Comparison of the Order That Persons Applied, Became Eligible, and Were Housed

| Applicant | Applied | Order Eligible | Housed |
|---|---|---|---|
| K | 1 | 1 | 12 |
| L | 2 | 12 | 3 |
| M | 3 | 2 | 11 |
| N | 4 | 3 | 10 |
| O | 5 | 4 | 9 |
| P | 6 | 5 | 4 |
| Q | 7 | 6 | 5 |
| R | 8 | a/NI | 1 |
| S | 9 | a/NI | 2 |
| T | 10 | 9 | 6 |
| U | 11 | 10 | 7 |
| V | 12 | 11 | 8 |

a/NI = Date eligible was not indicated.

The practice of permitting unlimited refusals of offered units without some penalty also violates the intent of HUD's title VI regulations. For example, one housing authority kept applications for elderly housing in the order people applied and offered units to those who applied first. The stated policy of the authority was to offer units first to the earliest applicants but to place applicants at the bottom of the list if three offered units were refused without good reason. In practice, the authority allowed elderly applicants to continue to refuse offers simply because they wanted a specific location and still retain their relative positions on the waiting lists. Certain applicants were willing to wait to be offered the housing they wanted.

Our review showed that the top 10 applicants on the waiting list as of July 29, 1976, were white applicants, and all had been on the list since 1974. Two of these applicants refused as many as five units each, three others were waiting for a particular area, and three more turned down at least one unit; data was not available on the other two. We found that black and white applicants were being housed in separate projects. Similar problems were noted in a previous report on housing elderly tenants in Chicago. 1/

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1/CED-76-129, Aug. 6, 1976

Tenants are being housed out of order primarily because housing authorities are not following tenant selection plans required by HUD title VI regulations to insure that eligible applicants receive equitable housing offers. HUD required tenant selection plans to limit the freedom-of-choice type plans that tended to perpetuate patterns of racial segregation and consequent unequal treatment and other forms of discrimination.

The title VI regulations provide that under the plan, applicants are to be assigned to projects in the order that their applications are received, depending on the sizes or types of units available, and other factors established by the housing authority consistent with the objectives of title VI. The regulations provide that the plan may allow applicants to refuse a unit offered, but the number of refusals without good cause is to be limited. HUD has the responsibility for approving these plans to insure they meet title VI objectives.

All six authorities had approved tenant assignment plans that clearly set forth the conditions under which tenants were to be selected. None of the authorities were following their plans because applicants were allowed to express preferences as to location and/or to refuse all housing offered until their preferences were met.

--Two authorities allowed applicants to indicate where they wanted to live and filed applications according to the projects desired. These applicants were not offered units at other locations.

--Another authority allowed applicants to state a preferred project and placed their names on a waiting list. Applicants would be offered units at the specific project even though they were not the next eligible for a unit.

The following example shows the types of reasons given by an applicant who refused a number of units offered:

| Date of offer | Reason refused |
|---|---|
| 4/29/76 | No yard for children |
| 5/13/76 | Husband did not like the rules |
| 9/ 7/76 | Wanted another location and washer and dryer hookups |
| 9/13/76 | Accepted unit |

## Other requirements which contribute to tenants not being selected on a first-come first-serve basis

We noted that two legislative requirements work to deny many nonwhites the opportunity to obtain public housing on a first-come, first-serve basis. This situation occurs because of limitations on the amount of rent a family can pay for public housing and because of requirements that encourage housing authorities to achieve financial stability. As a result, housing authorities tend to select tenants who are able to pay higher rents.

The Housing and Urban Development Act of 1969 (Public Law 91-152) states that the amount of rent that tenants in low-rent public housing may be charged should not exceed 25 percent of their adjusted gross income. Before this act many low-income families were charged rents of 50 to 75 percent of their income because housing authorities needed the revenue to meet operating costs. This provision should have benefited low-income families needing housing, but reduced rental revenues housing authorities were receiving.

Provisions of the Housing and Community Development Act of 1974 (Public Law 93-383) imply that HUD regulations establish standards for operating financially sound public housing projects and HUD regulations reinforce this view.

As a result, in August 1975, HUD established new criteria for selecting tenants for public housing which were intended to balance the needs of applicants with the need for financially sound housing programs. Within a reasonable time housing authorities were to house families with a broad range of incomes and rent-paying ability sufficient for the project to achieve financial stability.

Three of the housing authorities reviewed were giving preference to families able to pay higher rents, and as a result, low-income families were systematically, at two of these authorities, not being offered housing or were being offered only the less desirable units. A large percentage of applicants at these three authorities were nonwhites. One housing authority, for example, selected tenants from applicants who could pay monthly rents of $50 or more. We sampled 77 files for applicants for two- and three-bedroom units and found that 58 were nonwhites and 19 were white. Of these, 55 nonwhites and 15 whites could not pay $50 or more. The supervisor for tenant selection told us that persons unable to pay the average rent were offered only the

less desirable units--those that tenants paying higher rents would refuse--and that they would never be offered leased housing (section 236) because the rental revenues would be too low.

The director at another housing authority told us that tenants able to pay higher rents were given preference, and this caused people to be housed out of order. The tenant selection supervisor said she visually screened applications and would select only those she estimated could pay a high enough rent. She added that many applicants are willing to pay more than 25 percent of their incomes to obtain public housing because they are usually paying more than that when they apply and would probably end up paying less for public housing than they would pay elsewhere.

The director of the third housing authority also stated that applicants with higher incomes are offered units first, but most of the current applications are from people receiving public assistance. This authority has not been successful in attracting higher income applicants.

One approach to alleviate this problem would be to allow applicants to pay more than 25 percent of adjusted income in those cases where such payment would be less than the amount already being paid and would result in acquiring safe and sanitary housing. This would benefit low-income families, mainly minorities, with the most severe need.

Section 236 problems

We visited six section 236 projects in the three HUD regions to determine the order in which applicants are offered units and are housed. None of the projects had tenant selection plans showing how units would be offered equally to all applicants. For five of the projects, the records were inadequate, and we were unable to determine whether applicants were offered housing on an equal basis. One project did not accept applications unless there was actually a vacancy and the family was going to take a unit. Two others generally had vacancies, and therefore, there were few applicants waiting for housing. The other two had application files, but the applications were not dated; we were unable to determine in what order persons had applied.

The one project which had dated applications did not house people in the order in which they applied. For example, eight applicants who applied between May 1, 1976,

and September 22, 1976, were housed while four others who had applied in March and April 1976 and had greater or equal needs were not offered units.

Although at the one project we were able to determine that tenants were not being housed on a first-come, first-serve basis, we could not determine whether housing was being offered equally to all racial groups because none of the section 236 projects maintained racial data. Moreover, HUD requires tenant selection plans for public housing projects as a means of precluding racial segregation and separate treatment, but not for section 236 projects. Overall, because of the lack of necessary data, we were unable to determine whether the six section 236 projects we reviewed were in compliance with title VI. Two of the six projects also included section 8 units.

We believe that formal tenant selection plans are important and should be required to insure that recipients clearly understand how to operate in compliance with title VI. It also provides a measure when compliance reviews are done.

## INCONSISTENT INTERPRETATION OF TITLE VI REGULATIONS

HUD and FmHA have nearly identical title VI regulations which state that program fund recipients may not subject individuals to segregation or separate treatment. However, implementation of these regulations is not similar.

All Federal agencies extending financial assistance are responsible for enforcing the provisions of title VI of the Civil Rights Act of 1964. Executive Order 11247, issued in September 1965, first involved the Department of Justice in agencies' title VI activities. This order required the Department to assist agencies subject to title VI in adopting consistent and uniform policies, practices, and procedures for its enforcement. Executive Order 11247 additionally required agencies to conduct title VI compliance reviews and investigations in accordance with established standards. Further, Executive Order 11764, promulgated in 1974, delegated to the Attorney General the authority to coordinate and assist agency enforcement efforts by prescribing standards and procedures for implementing enforcement activities and by issuing the necessary regulations.

The Attorney General set forth minimum standards effective on January 3, 1977, for implementing Executive Order 11764. According to the regulations, the Attorney General

may take actions to insure that Federal agencies carry out their title VI responsibilities.

HUD considers racially segregated projects brought about by action or inaction to be in noncompliance with its title VI regulations and requires recipients to take affirmative action to alleviate the problem.

In October 1967 HUD stated that the term "desegregated on more than a token basis" meant a minimum occupancy of 15 percent or higher of another race. HUD said at that time the title VI regulations were intended to break up patterns which often caused segregated public housing. A HUD official told us that between 15 and 30 percent of a project's tenants should be other than the majority race of the project to be considered desegregated on more than token basis. The HUD official in charge of title VI enforcement elaborated on this idea. He said that HUD's current enforcement efforts do not focus as much on percentages of different racial groups in a project but rather on such factors as the history of the project, minority concentration of the area, how the project is viewed in the community, and the subsequent management of the project with respect to race. In fact, he discussed one housing authority with seven projects, five of which are all black and two that are about one-half black and one-half white. Although the two projects are integrated, they are still viewed as the white projects in the community because they are the only two where whites move. Thus, HUD intends to ask the authority to submit a plan which would result in ending the classifications of the projects as black and white.

On the other hand, FmHA does not believe that a historical pattern of racial separation necessarily constitutes discrimination per se. It believes that its duty is only to assure equal opportunities in access to housing, not taking corrective action where a housing project or subdivision is racially separated.

We examined data on the racial mix of 112 HUD public housing projects administered by six public housing authorities. To demonstrate which of those projects were segregated using HUD's 1967 definition, it was necessary to determine the number of projects in which more than 85 percent of the inhabitants were of one race. The following table summarizes the results:

## Racial Mix of Projects

| Housing authority | Total projects | Number of project housing more than 85 percent of one race | | | Segregated projects as percentage of total projects |
|---|---|---|---|---|---|
| | | White | Non-white | Total | |
| Dayton, OH | a/32 | 4 | 12 | 16 | 50 |
| Columbus, OH | 15 | 1 | 4 | 5 | 33 |
| Bakersfield, CA | 6 | 2 | 2 | 4 | 66 |
| Riverside, CA | 7 | 1 | 0 | 1 | 14 |
| Atlanta, GA | 37 | 0 | 30 | 30 | 81 |
| Jacksonville, FA | 14 | 1 | 7 | 8 | 57 |
| Total | 111 | 9 | 55 | 64 | 58 |

a/Does not include 25 projects with 10 or less units.

Using HUD's definition the schedule shows that between 33 and 82 percent of all projects in five of the six authorities examined were possibly segregated and may require affirmative action. Further, of the 64 projects, 40 were either all one race or had two or less tenants of other than the majority race.

We examined similar data for 19 section 236 projects in three HUD regions and found that 13 were segregated under HUD's definition. An analysis of the tenant composition is shown in the following table:

| | Percent of Tenants of the Same Race | | | | |
|---|---|---|---|---|---|
| | 100 | 99.0 to 99.9 | 95.0 to 98.9 | 85.0 to 94.9 | Under 85 |
| Number of projects as of 6/30/76 | 1 | 4 | 2 | 6 | 6 |
| Percent of all projects | 5 | 21 | 10 | 32 | 32 |

Some of the section 236 projects that received funding from HUD's section 8 program may also be segregated housing as defined by HUD's 1967 definition.

In three of the four States we visited, FmHA has financed 138 rural rental housing projects; 89 are occupied by a single race. Statistics for three of the four States are shown in the following table. California had no data on the racial composition of its rural rental housing projects.

Racial Composition of
Rural Rental Housing Projects

| State | Total projects | All white | All nonwhite | Mixed | No data available |
|---|---|---|---|---|---|
| Mississippi | 76 | 52 | 12 | 12 | |
| New Mexico | 9 | 2 | 0 | 3 | 4 |
| Oklahoma | 52 | 23 | 0 | 12 | 17 |
| Total | 137 | 77 | 12 | 27 | 21 |

This data shows that FmHA financed numerous housing projects which are segregated according to HUD's definition. However, FmHA, contrary to HUD's position, does not view such projects as violating title VI and does not plan to require any affirmative actions to desegregate them.

There appears to be an inconsistency in the interpretation of title VI by HUD and FmHA which the Department of Justice should take action to resolve.

## MORE AGGRESSIVE ACTION NEEDED BY HUD TO INSURE COMPLIANCE WITH TITLE VI

We believe that HUD enforcement activities have been ineffective in identifying and eliminating those practices which appear to be inconsistent with the objectives of title VI. Major factors contributing to the lack of effective enforcement are the (1) small number of compliance reviews and (2) weakness and ineffectiveness of the process for handling housing discrimination complaints against program recipients.

### Few compliance reviews are performed

Although HUD requires compliance reviews of all recipients of program funds, most have never been reviewed, and their chances of being reviewed are remote.

We reviewed three HUD housing programs--public housing, section 236, and section 8--and found that only about 2

percent of the 3,892 recipients in three regions were reviewed for compliance during the 40-month period between January 1, 1973, and April 30, 1976. As shown in the following table, almost all of these were reviews of public housing authorities:

Compliance Reviews by HUD Regions

| HUD Region | Public housing | | Section 236 | | Section 8 | |
|---|---|---|---|---|---|---|
| | Recipients | Recipients reviewed | Recipients | Recipients reviewed | Recipients | Recipients reviewed |
| Atlanta | 821 | 38 | 572 | 2 | a/ | 0 |
| Chicago | 479 | 34 | 1,039 | 0 | 197 | 0 |
| San Francisco | 97 | 12 | 677 | 0 | 10 | 0 |
| Total | 1,397 | 84 | 2,288 | 2 | 207 | 0 |

a/Not available

At the current rate of about two reviews per month, it will take HUD about 55 years to review the 1,397 public housing authorities.

Recipients under the section 236 and section 8 programs have virtually no chance of being reviewed. We determined that the 3,892 recipients in the three programs managed about 868,000 housing units, and of these, the 2,495 section 236 and section 8 recipients were responsible for 272,000 of these units. Yet, only two section 236 recipients received compliance reviews. Thus, about 64 percent of the recipients and 31 percent of the units in the three programs had almost no chance of being reviewed for compliance.

We believe that HUD needs to take more aggressive action to insure that sections 236 and 8 projects operate in compliance with title VI.

Three of the six housing authorities we visited had not been reviewed for title VI compliance. As indicated earlier (see pp. 4 to 9), these authorities were not complying with present guidelines because they were (1) operating segregated projects according to HUD's 1967 definition, (2) not

offering housing in the order persons applied, and (3) allowing applicants to select housing or to refuse units without proper reasons.

HUD has been concerned about the low number of reviews being made and has set significantly higher goals for reviews during fiscal year 1977, as shown in the following table:

Compliance Reviews

| Region | Conducted during FY 1976 | Goal for FY 1977 |
|---|---|---|
| Atlanta | 20 | 65 |
| Chicago | 9 | 84 |
| San Francisco | 2 | 38 |
| Total | 31 | 187 |

HUD's operating plan for fiscal year 1977 stated that these reviews would be conducted to representatively test compliance with title VI. Officials in the Atlanta and San Francisco regions said they would attempt to meet these goals, but the Chicago region official said they had reduced their 1977 goal to 22 reviews.

We found indications, however, that the Atlanta region attempted to meet its fiscal year 1977 goal by selecting several smaller housing authorities rather than the larger ones. This region conducted 13 compliance reviews of housing authorities between May and December 1976. Six of the 13 authorities administered less than 100 units, with the smallest having only 22. We found that two of the region's larger authorities--Atlanta with 15,000 units and Jacksonville with 3,000 units--had not been reviewed by HUD and were not complying with title VI regulations and HUD guidelines because they were not offering housing in the order persons applied and allowed applicants to choose a particular project or location.

During our review the Chicago region attempted to review by questionnaire a larger number of recipients than would otherwise be possible by making onsite reviews. Depending upon the response, the region would determine the authority to be in compliance or schedule an onsite review. We determined that 17 of the 34 authorities reviewed in the Chicago region were reviewed by questionnaire. Three of

these authorities later received onsite reviews, but the remaining 14 were not found to be violating HUD's definition of title VI based on the questionnaires. We visited 1 of the 14 authorities and found (1) 39 percent of its projects were segregated according to HUD's 1967 definition, (2) the tenant assignment plan was not followed, and (3) applicants were allowed to refuse units without justifiable reasons. We were told the region was using questionnaires on a trial basis and has discontinued this practice.

The effectiveness of HUD's goal of increasing the number of compliance reviews will depend to a large extent on the adequacy of the reviews and the nature and size of the projects selected.

Title VI complaints are not handled effectively

We found that HUD receives relatively few title VI complaints, takes a long time to resolve them, and often does not make a thorough investigation.

HUD processes complaints under title VI if the complainant alleges discrimination by a program recipient. The only recipients not covered by title VI are those with HUD-insured or -guaranteed mortgages.

In the three regions reviewed, HUD had received only 341 title VI complaints between January 1, 1973, and April 30, 1976, and 118 of these concerned employment. Our analysis of 78 of the remaining 223 showed that only 51 or 65 percent dealt with a person's access to housing. Our analysis showed that HUD did not complete its investigations in a timely manner. Data available on 49 of the 51 housing complaints showed HUD took an average of 228 days to determine if a recipient had discriminated. This average includes 16 complaints that took an average of 202 days to resolve even though HUD never investigated them.

Complaints are not resolved more quickly because HUD does not initiate investigations in a timely manner. HUD regulations call for prompt investigations but fail to specify what is considered prompt. For 33 of the 49 complaints, an average of 83 days elapsed before the investigation began. For two complaints HUD took an exceptionally long time--433 and 315 days, respectively--before beginning the investigation.

HUD also takes too long to complete an investigation. For the 33 investigated complaints, HUD took an average of

240 days after receiving the complaint to report its findings. For 6 of the 33 complaints, HUD did not report its findings for over 1 year.

We believe that HUD's investigations of complaints were not always very thorough. HUD regulations require a complaint investigation which should include a review of recipients' policies and practices and other factors, whenever there are indications that program recipients are not in compliance. Because HUD funds are involved, HUD may investigate even though the complainant may not be available; however, HUD did not investigate 5 of the 51 complaints because the complainant withdrew. We believe that HUD should investigate all complaints to properly insure that recipients are complying.

Atlanta was more effective in processing title VI complaints than the other two regions examined. Atlanta received more complaints than the other two regions, brought more recipients into compliance, was faster in getting recipients to comply, and monitored compliance agreements.

In some cases, Atlanta reviewed complaints more comprehensively because it reviewed the recipients' operations as part of the investigations rather than looking only at the facts in the complaint. We believe this to be the most effective approach for determining compliance.

Atlanta was also the only region to have staff specialists for title VI enforcement only. The other two regions used the same staff for titles VI and VIII or other enforcement activities. At times, they have had their entire staffs working on title VIII; title VI work would be at standstill.

We believe that the program would be more effective if separate staff were assigned to each enforcement activity. HUD could better plan its title VI workload and investigate complaints as they were received. Furthermore, HUD would not have backlogs accumulating in one area, such as title VI complaints, because most of the staff was temporarily assigned to other enforcement activities.

## CONCLUSIONS

The manner in which HUD-funded recipients carry out various housing program activities results in practices that fail to provide applicants equal access to housing. Housing authorities and section 236 projects either lack adequate tenant assignment plans or are not following them. Further,

HUD has not required section 236 recipients to maintain data that would enable HUD to determine their compliance with title VI. Two program requirements which regulate the amount of rent a family can pay for public housing and encourage housing authorities to achieve financial stability for tenants may adversely impact on the objectives of title VI. Furthermore, although HUD and FmHA have similar title VI regulations, they are not being implemented the same because the two agencies interpret them differently.

HUD is ineffective in eliminating discriminatory practices under title VI because (1) few compliance reviews are made, (2) reviews have been limited almost entirely to housing authorities, and (3) complaint investigations are not always thorough.

## RECOMMENDATIONS TO HUD AND JUSTICE

To strengthen enforcement activities and insure compliance with title VI, we recommend that the Secretary of HUD:

--Require all program recipients to establish and implement tenant assignment plans that offer housing on a fair and equitable basis.

--Insure that adequate records are maintained by program recipients to permit effective compliance reviews.

--Assess the significance of certain requirements such as rent paying ability and financial stability of projects in the terms of the objectives of title VI and prepare legislative proposals for change where necessary.

--Require that compliance reviews of housing authorities, section 236, and section 8 recipients be frequent and regularly scheduled.

--Require that complaints be investigated promptly and thoroughly to insure that recipients are complying with title VI.

We recommend that the Department of Justice take action to eliminate apparent discrepancies in the interpretation of title VI regulations by HUD and FmHA.

## Agency comments and our evaluation

HUD commented on the matters presented in this report by letter dated October 31, 1977 (see app. I) and generally agreed with all of the recommendations. With regard to the need to assess program requirements such as financial stability, HUD believed that the objectives of title VI and the goal of financial stability of projects can coexist. Several general comments were provided which argued that the (1) time period examined did not represent current HUD policy or practice, (2) report failed to show progress made in policy and practices between 1973 and 1976, (3) report failed to acknowledge HUD's efforts to deal with the problems, and (4) report failed to recognize staff limitations, which HUD views as the major reason for the small number of compliance reviews accomplished and the delays in complaint processing.

Although we recognize that HUD has requested some staff increases, there have been no major policy changes implemented, and we believe that this report fairly presents the situation as it exists today. Our review was directed to an evaluation of Federal efforts to enforce compliance with fair housing legislation, and although we did not provide a detailed recitation of all actions taken by HUD, we did attempt to recognize those actions relevant to the issue being discussed. With regard to the need for additional staff, we noted that HUD did not request any significant staff increase for Fair Housing and Equal Opportunity in its budget justifications to OMB for fiscal years 1976 and 1977.

In a second letter dated November 7, 1977 (see app. II), HUD provided additional comments and acknowledged the deficiencies in fair housing enforcement. HUD stated that (1) the cause was the less than ardent commitment of prior administrations to fair housing enforcement which led to a general decline in the Federal civil rights efforts and (2) current leadership of the Office of Fair Housing and Equal Opportunity is comprised of persons dedicated to seeing that HUD's obligations are met.

HUD listed several actions taken or contemplated as a result of internal assessments and our draft report and, in recognizing the need for additional staff, stated that there would be a small increase in fiscal year 1978 and a further increase in fiscal year 1979.

Department of Justice

The Department of Justice noted that its own recently completed survey of HUD's title VI enforcement efforts disclosed many findings and recommendations similar to those set forth in this report.

However, the Department did not respond specifically to our recommendation that it take action to eliminate the discrepancies in the interpretation of title VI regulations by HUD and FmHA. The letter stated that Section 808(d) of Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3608 (c)) requires all agencies to act affirmatively to insure nondiscrimination in housing.

The Department made reference to several statutes that established its role in fair housing enforcement, which, it believes, this report largely overlooked.

Our review was primarily directed to the enforcement activities of those Federal agencies which directly administer housing programs. Throughout the report we discuss the Department's role as it relates to those activities. Because of the Department's role under Executive Order 11764 (see p. 10), we believe that it should eliminate the discrepencies between HUD and FmHA in the interpretation of the title VI regulations.

## CHAPTER 3

## HUD'S EFFORTS TO RESOLVE TITLE VIII COMPLAINTS HAVE BEEN INEFFECTIVE

HUD'S objective in enforcing title VIII is to ascertain the validity of discrimination complaints and to resolve any discriminatory practices found. Our review showed that enforcement activities in three regions have not been effective.

### PROBLEMS IN RESOLVING COMPLAINTS UNDER TITLE VIII

To evaluate HUD's effectiveness in indentifying and resolving discriminatory acts, we reviewed 332 complaints received by three regions between January 1, 1973, and April 30, 1976. Our analysis showed that HUD was unable to resolve 247 of these complaints for lack of clear evidence of discrimination. In 57 more cases HUD determined that a discriminatory act had taken place; 36 cases were resolved. HUD concurred in actions taken by State or local agencies for 18 of the 332 complaints, and the remaining 10 were either still open or the files were missing.

HUD's objectives in resolving complaints under title VIII are to (1) obtain housing where the complainant's choice of housing has been denied as a result of a discriminatory act and/or (2) obtain monetary damages for the complainant. It also attempts to obtain signed affirmative action plans to help eliminate discriminatory practices in the future. HUD was able to obtain housing for 1 complainant, monetary damages for 17, and housing and monetary damages for 3. The 20 complainants who accepted monetary damages received an average of $673 each. The remaining 15 complaints were resolved without damages; 10 were resolved by changes in advertising, 2 were resolved by ending the discriminatory practice, and data was not available on the remaining three.

Our review of the 247 complaints for which HUD was unable to determine whether discriminaton occurred showed that HUD terminated its efforts on 119 before an investigation began and failed to complete the investigations of 13 others. The remaining 115 were investigated but were dropped for lack of conclusive evidence.

The purpose of investigating is to obtain the facts and other information that will enable HUD to determine whether discrimination occurred. Therefore, information gathered by investigating complaints is a crucial factor in HUD's ability to identify discrimination.

We analyzed the 132 complaints that were not fully investigated and found that, generally, the complainant failed to furnish information or withdrew the complaint before the investigation began. Complaints withdrawn or insufficient information accounted for 72 percent of the 132 complaints. The remainder were dismissed by HUD for a variety of reasons such as lack of jurisdiction.

For the 115 complaints investigated but subsequently dropped, we found 17 cases where the complainants withdrew or failed to furnish information or, for other reasons, HUD dismissed the complaint. The remaining 98 were dropped because the investigation often simply failed to show discrimination had occurred, as the following example illustrates:

Example 1

A member of the armed services complained to military authorities that an officer helping him find an apartment telephoned one complex and was told vacancies existed. When they went to the complex later that day, they were told that the apartment was being held for someone else and that no other vacancies existed. He felt he was discriminated against because he was black.

The incident occurred on October 23, 1974; HUD received the complaint on November 4, 1974, and began its investigation on January 22, 1975. The respondents stated that before the complainant's call they received another call and agreed to hold the apartment. An affidavit was also obtained from the person who obtained the unit.

For some of the complaints investigated, the evidence indicated discriminatory practices could exist, but HUD was unable to prove so, as illustrated below.

Example 2

A black complainant alleged that in June 1975 he inquired about renting an apartment in July or August. He was told to return when he was ready to move. When he returned on July 1, 1975, he was told that no vacancies existed and that none were expected. According to an affidavit from a white friend of the complainant, she and another white person called the complex in July and were told vacancies existed. However, between their calls, the complainant contacted the complex and was again told that there were no vacancies.

HUD began an investigation on October 28, 1975, and determined that minorities lived in only 11 of the project's 226 units and appeared to be confined to specific sections of each complex. HUD reported that management of the complex could be following a pattern of keeping minorities in specific sections. However, HUD told us they decided not to pursue this complaint because by the time they began to investigate a corroborating witness could not be located, and vacancy records were not adequate to show that an appropriately sized unit was available when the complainant applied.

## HUD should investigate immediately after incidents

We believe that HUD's ability to investigate discrimination complaints is impaired because it does not begin investigating complaints as soon as they are received. HUD's title VIII guidelines state that timeliness is important to determining if discrimination exists and suggest that investigations should be initiated immediately after complaints are received. Also, title VIII provides HUD only 30 days after receiving a complaint to investigate and give notice if further action is intended, unless the complaint is referred to a State agency for action.

We reviewed 95 of the 132 complaints that HUD failed to investigate because the complainant could not be located or had withdrawn the complaint. For 58 cases where data was available, we found that HUD took an average of 92 days from the time it received these complaints before it began investigations. We believe that the amount of time taken to begin investigations contributes to the complainant being unavailable or losing interest.

We reviewed the 115 complaints HUD investigated and subsequently dropped to determine (1) how long after the alleged acts did HUD receive the complaints and (2) how long after receiving the complaints did HUD begin investigations. Data for 89 complaints showed that an average of 94 days elapsed between the time the acts occurred and the time HUD started an investigation. On the average, 36 of these days elapsed before the complaint was filed and 58 before HUD began investigating. HUD could have reduced the delay by almost 60 percent if it began its investigations as soon as complaints were received. To be in the best possible position to determine discrimination, HUD should also attempt to reduce the delay from the date of the incident until the date a complaint is filed by publicizing the need for timely filings.

In March 1977 HUD issued an audit report that discussed selected aspects of equal opportunity operations in

the HUD Dallas, Denver, San Francisco, and Seattle regions. The report stated:

> "Housing discrimination complaints filed with the Department by the general public as provided for in Title VIII of the Civil Rights Act of 1968, have not been processed within the time frame provided for in the law or with sufficient promptness to minimize injuries to persons affected by discriminatory housing practices. While the law allows 30 days for investigation of complaints and notification to complainants as to whether or not HUD will attempt conciliation, we found that this required an average of 122 days in 1975 and 114 days in 1976 in the four Regions included in our audit. As a result of the delays, discriminatory housing practices may have been allowed to continue for extended periods, the persons affected may have suffered undue hardships and the Department's investigation and conciliation efforts may have been made more difficult and less successful because of the loss of contacts with principals and witnesses in cases."

Referrals to State agencies delay processing

To some extent HUD's efforts to take timely action are hindered because it must refer complaints to substantially equivalent organizations. Title VIII requires HUD to provide State and local governmental organizations an opportunity to resolve all complaints within their jurisdictions. HUD must determine that these organizations have laws and the capability, substantially equivalent to the Federal laws and capability to resolve complaints. Title VIII requires these organizations to begin resolving complaints within 30 days after HUD's referral, or HUD recalls the complaint and makes its own determination.

At the time of our review, HUD had approved 27 States to handle complaints on a referral basis. Of these, 10 States in the three regions we visited were receiving complaint referrals from HUD.

However, the 10 States were usually not resolving complaints to HUD's satisfaction. We reviewed 97 complaints HUD referred to 10 States and found that HUD had accepted State actions on only 15.

Data available on 60 of the remaining 82 complaints showed that 42 were returned to HUD for investigation because

the States (1) could not contact the complainant, (2) waived jurisdiction, or (3) did not investigate to HUD's satisfaction. Referring many of these complaints only extended the time in making determinations.

## Testers used to resolve rental discrimination complaints

Most complaints recieved by the three HUD regions concerned discrimination against people trying to rent housing. In our opinion, HUD's current method of investigating complaints is substantially more complex and less effective than required to determine rental discrimination. We believe that testing should be adopted as a more direct approach.

HUD is required by title VIII to investigate complaints but has discretion in choosing the method. HUD guidelines detail the method of investigation, which may include interviewing the complainant and respondent, the tenants at the rental complex, and any other witnesses, to establish whether the incident occurred. The title VIII program director told us that to determine if the unit was available, the investigator may also research local rental advertisements, real estate listings, change of address cards filed with the Postal Service, business records, and various filings with the Federal, State, and local governments.

We visited nine nonprofit fair housing groups and city organizations that investigate rental complaints using a direct method of testing to determine if discrimination occurred. Testing is a method of gathering evidence by sending an individual who is not a party to the alleged incident to the respondent's unit and, by presenting the same qualifications as the complainant, trying to obtain the unit. Usually black and white testers are used on a racial discrimination complaint and male and female testers on a sex discrimination complaint. If one of the two testers is treated differently, then a case of discrimination can be pursued on the basis of the evidence developed by the testers.

Testing provides means for establishing whether the unit was available, whether the discriminatory act was likely to have occurred, and is usually completed within 24 to 48 hours after receipt of the complaint. For testing to work it is imperative that the complaint be received shortly after the alleged incidient occurred; otherwise the unit may no longer be available and other investigative methods are needed.

This method was used in several variations by the organizations we contacted. For one organization, if the test indicates that discrimination occurred, the complaint is taken to court. In the last 7 years this organization has won 82 percent of its court cases, and almost all of them were based on testers' evidence. Another fair housing organization started using testing in April 1976 and found that its ability to establish probable cause of discrimination was greatly improved. Officials at three other organizations told us they used testing for all their complaints.

HUD officials, however, are reluctant to use testing because some people view it as harassment. Some officials also question its legality, but we were told by HUD's General Counsel that testing is legal. Several courts have also admitted testing data as evidence in housing discrimination cases.

HUD does use testing data developed by local fair housing organizations. Since testing is much more effective than traditional investigations and most of HUD's complaints are rental complaints conducive to using testing, we believe that HUD should consider contracting with local fair housing organizations to do the testing. Testing should considerably speed up processing and result in more individuals obtaining housing units of their choice.

## HUD needs enforcement authority to insure compliance

Even when HUD is able to make determinations of discrimination, it is frequently unable to bring about compliance because of the lack of enforcement authority. HUD's authority is limited to conciliating or referring complaints to the Department of Justice. Of the 57 complaints in our sample where HUD found evidence of discrimination and attempted conciliation, 21 were unsuccessful and 36 were successful. Title VIII only grants HUD the power to try to eliminate the discriminatory practice by conference, conciliation, and persuasion. According to the HUD handbook, HUD serves as a mediator and is not a party to the complaint. The mediator cannot force the complainant and the respondent to agree. If the parties do not agree, HUD closes the complaint and informs the complainant of his/her rights to take the complaint to court.

In September 1976 in testimony before the Subcommittee on Civil and Constitutional Rights, House Committee on the Judiciary, the Secretary of HUD stated that its current enforcement powers of conference, conciliation, and persuasion

were inadequate for securing compliance with title VIII. She also said that respondents are aware that HUD has no meaningful enforcement power, and thus, many have virtually ignored HUD's conciliation efforts because they have no inducement to cooperate.

The following example illustrates some of HUD's problems in attempting to obtain signed agreements:

> On January 8, 1976, HUD decided to resolve a rental discrimination complaint against an apartment manager. The black complainant had used a white friend as a tester and established unequal treatment. The respondent, however, was reluctant to discuss conciliation with HUD and referred the matter to her lawyer. The lawyer received a copy of HUD's proposed conciliation agreement, but HUD reported that when they tried to follow up on the agreement he did not respond to their phone calls. On June 25, 1976, HUD closed this complaint as an unsuccessful attempt to conciliate.

Title VIII and the HUD regulations and handbook do not specify that HUD is required to monitor conciliation agreements. However, regulations state that HUD may monitor these agreements.

A typical agreement describes corrective actions to be taken by the respondent. In our discussions with HUD officials, we found that they do consider monitoring important, but because of high workloads they have done little. They agreed that HUD cannot know whether the agreements are followed if they are not monitored.

## CONCLUSIONS

To effectively enforce compliance with title VIII, HUD must be able to (1) determine if complainants have been discriminated against and (2) obtain appropriate relief for any discriminatory practices it finds. We believe that the success of HUD's program must be measured against the extent to which it achieves this objective. Our conclusion that HUD has been ineffective in resolving title VIII complaints is based on the fact that HUD is unable to prove, for many complaints received, whether discrimination actually occurred. When discrimination is proved, HUD has had limited success in meeting its objectives of helping the complainant obtain housing or monetary damages.

We believe that HUD would be more effective in determining discrimination if it could begin investigating complaints

as soon as they are received. However, complaints are often not filed until some time after incidents occur. HUD should make known in its mass advertising campaign the need to receive complaints as soon as possible after incidents occur.

States that HUD has determined to be substantially equivalent and, therefore, capable of resolving complaints are generally not performing satisfactorily on referred complaints; this further delays the processing time. If HUD would work more closely with fair housing groups that use testers, it could also be more effective in determining discrimination for many complaints.

HUD currently lacks the authority it needs to enforce compliance when it does find discrimination. As stated in our letter to the Subcommittee on Civil and Constitutional Rights, House Committee on the Judiciary, we believe HUD needs legislative authority to enforce compliance under title VIII. We note that section 208 of House bill 3504 (95th Congress) would give the Secretary of HUD the authority to conduct hearings and to issue orders requiring violators to cease and desist from unlawful practices. HUD also needs to monitor respondents who sign agreements to insure that these agreements are followed.

## RECOMMENDATIONS TO HUD

To more effectively resolve complaints under title VIII and eliminate discriminatory practices in private housing, the Secretary of HUD should:

--Take action to insure that complaints are investigated in a more timely manner.

--Educate the public on the importance of filing complaints as soon as possible after incidents occur.

--Establish a method for expediting the processing of those complaints that are required to be referred to State agencies.

--Instruct the office of Fair Housing and Equal Opportunity to use testers, perhaps those of local fair housing groups, as part of their techniques for determining discrimination involving rental housing.

--Monitor conciliation agreements to insure compliance with title VIII.

## Agency comments

In commenting on the need to resolve title VIII complaints, HUD again stated that the cause in many cases was insufficient staff. In addressing the recommendations HUD stated that its Office of Fair Housing and Equal Opportunity had:

--Taken action to insure timely processing of complaints by directing all field offices to process complaints in accordance with the title VIII Field Operations Handbook.

--Continued its program of Fair Housing Legal Seminars to educate the public and specifically private attorneys and bankers as to the provisions of title VIII.

--Considered the feasibility of a new, mass advertising campaign to educate the general public.

--Rescinded all referrals to State and local agencies until final determinations by the Secretary are made as to the granting of permanent equivalency on the basis of criteria set forth in title 24, chapter 1, part 115 of the Code of Federal Regulations, Recognition of Substantially Equivalent Laws.

--Instructed field offices to cooperate, where appropriate, with private fair housing organizations that employ testing as an investigative technique.

--Instructed field offices to regularly monitor conciliation agreements as part of the administrative complaint process.

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The Department of Justice agreed with our conclusion that HUD needs authority to compel compliance with title VIII of the Civil Rights Act of 1968. (See app. III.)

## CHAPTER 4

## PROBLEMS OF OTHER FEDERAL AGENCIES IN INSURING EQUAL OPPORTUNITY IN HOUSING

The Farmers Home Administration and the Veterans Administration need to improve their implementation of housing programs to insure equal opportunity. Specific problems noted are discussed below.

### FARMERS HOME ADMINISTRATION

Our review of FmHA's enforcement and compliance activities relating to titles VI and VIII disclosed two basic weaknesses:

--Criteria for approving single-family and multifamily loans were inadequate for insuring that borrowers are treated fairly and equitably.

--Compliance reviews were ineffective to insure that FmHA projects comply with the objectives of title VI.

#### FmHA needs better criteria for approving loans to single-family borrowers

FmHA lacks specific criteria for approving loans; consequently, decisions made by local FmHA county supervisors 1/ are somewhat subjective and result in applicants not being treated fairly and consistently. This lack of criteria offers the potential for discrimination, which if it occurs, would violate provisions of title VIII. We reviewed over 200 rejected and approved loan files in 15 county offices and noted various disparities in the criteria adopted.

##### Dependable income not defined

Central office instructions require an applicant to have adequate and dependable income to meet family expenses, loan repayment, and other expenses in connection with maintaining a home. State and county office personnel interpreted adequate and dependable income as length of time on a job, and this has resulted in different interpretations.

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1/FmHA county supervisors located throughout each State are responsible for day-to-day decisions on all FmHA programs including housing. They are supervised by district directors, who are responsible for several county offices.

For example, the following table shows the variations in job tenure criteria used in the county offices we visited:

Job Tenure Criteria Used
in State and County Offices Visited

| State and counties | Length of time employed |
|---|---|
| California | 6 months |
| County A | 6 months |
| County B | 6 months |
| County C | 6 months |
| Mississippi | No criteria |
| County A | No criteria |
| County B | No criteria |
| County C | No criteria |
| County D | No criteria |
| County E | No criteria |
| County F | No criteria |
| Oklahoma | No criteria |
| County A | No criteria |
| County B | 3 to 6 months |
| County C | No criteria |
| County D | 6 months to 1 year |
| New Mexico | No criteria |
| County A | 3 months |
| County B | 4 to 6 months |

In addition, the seven county offices visited that used job tenure criteria did not uniformly apply it.

The following examples illustrate that in county offices where job criteria did not exist, loans were made based upon being on a job either a very short time or not at all:

--In a Mississippi county an applicant who had been on his current job only 2 weeks was given a loan.

--One applicant in an Oklahoma county had been on his job for 1 and 1/2 months, another for 2 months--both received loans.

--Another applicant in Oklahoma was granted a loan on the basis of a promise of future employment.

As these cases illustrate, determining an applicant's eligibility is contingent upon the county office where application is made and the decision of the county supervisor.

We believe the definition of dependable income should be expanded to include a criterion relating to length of time on a current job. A specific tenure criterion would provide consistancy among FmHA county offices and insure uniform treatment of all applicants, regardless of where they may apply or who the county supervisor may be. Any deviation from this criterion should be justified in writing by the county supervisor.

Problems in verifying credit

FmHA lacks criterion that states the number of credit references that are necessary to verify an applicant's repayment ability. Consequently, some applications were not processed because of an insufficient number of credit references, while others were approved using one or zero references. Furthermore, in some instances, county supervisors have requested, received, and considered subjective comments from noncreditors to assess an applicant's repayment ability.

In one Oklahoma county an applicant was denied a loan for unsatisfactory credit because no reference letters were returned by the creditors. However, in a Mississippi county, the supervisor does not make decisions without receiving at least three credit references and informs an applicant in writing to submit additional references if less than three are submitted.

In some cases a county supervisor will go beyond the references provided by the applicant and inquire among local residents and family about the applicant's character. For example, in one county in Mississippi, the supervisor insisted that his position allowed him to use local sources and send personal, not credit reference letters, to a person in a small town in the county where the applicant resided. It was the supervisor's contention that this local person was a valid reference since he was familiar with most county residents. We noted a reference from the local individual consulted that indicated one applicant, who was not given a loan, was a poor manager. The objectiveness of this reference is questionable.

County personnel sometimes justify rejections on the basis of poor credit when actually the rejection was based on subjective comments from outside sources. One county supervisor in Mississippi rejected an applicant on the basis of information, allegedly obtained from the applicant's former employer, that the applicant left the company owing money. The file did not contain any documentation supporting this allegation, and the county supervisor justified the rejection on the basis of poor credit. When contacted, the applicant's former employer denied the allegation.

We noted instances, as the example below illustrates, where applicants were rejected because of their marital status even though the Equal Credit Opportunity Act prohibits such discrimination. Although the Department of Agriculture has not issued instructions implementing the Equal Credit Opportunity Act, FmHA issued instructions that prohibit discrimination on the basis of marital status.

--In New Mexico an unmarried couple applied for a loan and was rejected. The county supervisor received the FmHA State office's consent to reject the application on the basis of marital status, but the supervisor was later told that the loan could not be rejected on that basis. In the meantime the applicants appealed the rejection. A district FmHA official who reviewed the application agreed that an improper basis had been used for the rejection. He indicated that the rejection could have been based on the length of time the applicants had lived in the area. However, FmHA instructions do not describe a residency requirement.

After reviewing the findings of the district official, the State director notified the applicants that they were rejected because they lacked adequate and dependable income and a credit history in New Mexico. The FmHA central office concurred with this decision. Later, the male applicant reapplied and received a loan. A note in the file, written by the county supervisor, stated that he was pressured into making the loan and still believed it should have been rejected on the basis of their marital status.

## FmHA needs better criteria for approving multifamily loans

FmHA instructions lack specific procedures for evaluating the market surveys used to justify rural rental housing projects. Although we only reviewed criteria for approving one multifamily loan, the problem discussed below indicates a need for better criteria to guard against discrimination.

Every applicant for rural rental housing funds must submit a market study showing the number of eligible tenants willing and financially able to occupy housing at the proposed rental rates. FmHA guidelines do not specify the number of eligible tenants necessary to demonstrate demand for a project. One section of the guidelines requires the applicant to show that there are enough people in the area who are willing to occupy the housing. Another section of the same guideline states that about 50 percent more prospective tenants than the proposed number of units should be available when the loan application is submitted. Of the four

States visited only California used the 50-percent criterion. Oklahoma and Mississippi used 100 percent and New Mexico used 150 percent.

The lack of specific definition of the number of potential tenants necessary to justify a project caused a problem in processing an application by a minority corporation in Mississippi. In two separate memos in October 1976, the county supervisor first made reference to a 50-percent criterion and later to a 100-percent criterion. When the applicant asked the central office to clarify the policy, he was advised that the requirement was a minimum of 50 percent more potential tenants than the number of units proposed. When the county supervisor finally recommended the loan, the 50-percent, rather than the 100-percent, criterion was used.

A market survey shows the need for the rental housing, which must be demonstrated by signed survey sheets from prospective tenants. Although the county supervisor is responsible for determining if a market survey is accurate, there are no written procedures. Each of the four States we visited has a policy of spot checking surveys for accuracy.

The lack of written procedures contributed to the mishandling of the application in the Mississippi case. Although the county supervisor was instructed to spot check the survey participants, he wrote letters requesting the participants to come into his office. The procedure of requesting survey participants to make an office visit was termed highly improper by the central office. In a letter to the State director, the Administrator said the county supervisor should have spot checked the survey information by contacting some of the families.

Only 16 of 62 families visited the local office, so the supervisor rejected the loan for lack of interest in the project. The Administrator, calling the rejection of the application highly improper, requested the State office to reinstate the application and assist the county supervisor in the proper analysis of the survey data and suggested that a percentage of the 46 families that did not visit the office be contacted.

After following central office advice, the county supervisor recommended the loan on November 1, 1976--almost 1 year after the application and original survey were submitted. Had better guidance existed, we believe that the application would have been processed more quickly and with fewer problems.

## Compliance reviews are ineffective

FmHA's regulations and instructions are unclear as to what (1) records recipients of rural rental housing funds are required to maintain and (2) constitutes noncompliance with title VI. Furthermore, FmHA's regulations and instructions do not require recipients to develop tenant selection plans or maintain waiting lists.

FmHA's instructions do require title VI compliance reviews of rural rental housing fund recipients and contain policies and procedures for conducting them. There are two sets of criteria for compliance reviews--one for county supervisors' reviews of individual rural rental recipients and another for the individual designated by the State director to review recipients that are associations. All compliance reviews of rural rental housing projects are reported on an FmHA form which consists of (1) a checklist of yes and no questions and (2) data on the number of applications received and the racial mix of the project. Although county supervisors are not required to review the racial mix or talk to minority leaders in the community, it seems necessary to do so to complete the form.

We visited 15 rural rental housing projects to assess the adequacy of FmHA compliance activities. FmHA found that 14 projects were complying and 1 project had not been reviewed. The following problems precluded us from determining whether the projects were complying and raised serious questions regarding the basis used by FmHA in finding them to be in compliance:

--Many projects did not use applications.

--Projects' records did not contain racial data.

--Tenant selection plans were not required nor waiting lists maintained.

--Some reviews were made while the projects were still being constructed.

Projects that used applications did not keep racial data or include any space on their applications for it. One project in California listed tenants by race, but the list was out of date. A recipient in Oklahoma that had five projects and used applications for all of them maintained no racial data on tenants. This borrower did not know whether keeping racial data was a FmHA requirement.

The compliance review official must also ascertain if the project has a list of applicants wishing to become participants. In five of the projects where the form was completed this question was answered "yes," but waiting lists were not maintained. Two of the projects we visited did not have waiting lists, and the compliance review forms were not completed.

Although the other eight projects had waiting lists, project officials did not record the date of the prospective tenant's inquiry or whether they were notified when a vacancy occurred. The recipient in Oklahoma, with five projects, maintains waiting lists for all the projects, which he said he developed on his own and has received no instructions from FmHA on how to use or maintain them.

Recently FmHA and HUD implemented a joint section 8 leased-housing program. For fiscal year 1977 HUD allocated 10,000 section 8 units to FmHA. Although one FmHA official in Oklahoma stated that waiting lists and tenant selection plans will be necessary for these projects because of the anticipated heavy demand, the Oklahoma FmHA State office does not plan to require recipients of section 8 funds to develop tenant selection plans or maintain waiting lists. However, a central office official said that FmHA plans to issue new instructions in August 1977 that will provide general guidelines and include criteria for use in selecting tenants for all rural rental housing borrowers.

Our review of compliance review reports showed that several compliance reviews in Mississippi and New Mexico were made while the units were still being constructed. In Mississippi we received no explanation as to how or why this occurred. FmHA officials in New Mexico told us the compliance review instruction requires that a review be conducted 1 year after loan closing or the signing of the FmHA nondiscrimination agreement--a form signed by all rural rental housing borrowers and submitted as part of the application. According to central office officials, this requirement enables FmHA to review the borrowers' operations from the beginning and makes the borrower aware of title VI. In our opinion, however, it is impossible to make a compliance review of a project before it is built since a major function of the review is to evaluate its proposed racial composition by looking at the applications of prospective tenants.

## VETERANS ADMINISTRATION

### Veterans Administration needs to strengthen controls over lenders

At the time of our review the Veterans Administration neither monitored lenders to assure nondiscriminatory practices nor required lenders to maintain records of denied loans. Without these safeguards VA had no way of knowing whether lenders discriminated.

VA is responsible, according to its own regulations, for supervising participating lenders. Before 1977 mortgage banking companies that, as of 1975, made over 70 percent of all VA-guaranteed loans, were not monitored as were other lenders that are regulated by the Federal Reserve System, Federal Home Loan Bank Board, Federal Deposit Insurance Corporation, and Comptroller of the Currency.

VA's regulations allow it to bar lenders that (1) fail to exercise proper credit judgment, (2) decline to make home loans to eligible veterans because of the applicant's race, color, religion, or national origin, and (3) willfully or negligently engage in practices otherwise detrimental to the interests of the veteran. However, nothing in the regulations require lenders to maintain records on denied loans. Only 2 of the 19 participating lenders we questioned in the San Francisco and Boston regional office areas kept records of denied or withdrawn loan applications. Without such records the VA cannot determine if lenders have failed to exercise proper judgment, declined to make loans to eligible veterans, or engaged in practices detrimental to an individual veteran or group. VA officials contend that it is unlikely that a lender would deny a loan to be guaranteed by VA. Because of inadequate records, we could not determine whether lenders discriminated in granting VA loans.

### Other policies, procedures, and practices relating to VA's Equal Opportunity Program

VA efforts to insure equal housing opportunity are minimal. The equal opportunity in housing staff consists of three employees attached to the central office of the Director of the Loan Guaranty Service. These specialists act only in an advisory capacity and have no discernable policymaking authority or independence. The regional offices have no equal opportunity specialists, program personnel have no training in equal housing opportunity, and the Washington staff does not travel there. VA's fiscal year 1977 budget shows no money was budgeted specifically for that function.

VA officials indicated that the responsibility for implementing equal housing opportunity policies has been so thoroughly integrated into the operations of the Loan Guaranty Division that VA does not believe it necessary to increase or change present policies.

Certain VA complaint handling procedures are questionable at best. For example, between January 1973 and June 1976, VA received only 35 complaints concerning discrimination in housing. Because VA regulations require all complaints to be submitted in writing and oral or telephone complaints are not recorded, it is impossible to determine how many complaints are actually received.

Another questionable complaint handling procedure involves referrals to the Department of Justice. Although VA regulations do not indicate under what circumstances complaints should be referred to the Department, VA officials informed us that cases are referred only if they are considered violations of criminal law or code. Because housing discrimination complaints are civil law violations, they would never be referred to the Department for prosecution. In fact, VA officials cited this policy as the reason why they did not refer a veteran's complaint of discrimination by a lender that required the family to supply a letter stating the wife's intention to continue working during the term of the loan.

## CONCLUSIONS

FmHA and VA can improve their fair housing programs. FmHA compliance reviews are perfunctory and aid little in determining if rural rental housing projects are complying with title VI. Rural rental housing project mangers are not maintaining necessary records to enable FmHA to ascertain occurrences of discrimination. FmHA regulations and instructions are unclear on what records loan recipients are required to maintain and how to define noncompliance. Furthermore, FmHA does not require borrowers to develop tenant selection plans or maintain waiting lists.

Applicants for single-family loans are not treated fairly and consistently. Because FmHA lacks specific criteria for loan approvals, FmHA officials are exercising considerable discretion and judgment in approving or denying loans.

Inadequate guidance for evaluating market surveys provides a potential for discrimination in evaluating proposals by project sponsors.

VA does not monitor mortgage banking companies to identify potential discriminatory practices. In addition, VA does not accept telephone complaints or require lenders to maintain records of denied loans, and refers only criminal complaints to the Department of Justice.

## RECOMMENDATIONS

To make compliance reviews meaningful and to assure equal treatment of all applicants for FmHA housing loans, we recommend that the Secretary of Agriculture require FmHA to:

--Provide specific criteria for determining the market demand necessary to justify rural rental housing projects.

--Strengthen procedures for approving single-family loans by providing criteria for considering such factors as job tenure requirements, credit references, and personal references.

--Revise title VI compliance review procedures to require that all rural rental housing borrowers (1) maintain application files showing the race of the applicant, (2) develop tenant selection plans and maintain waiting lists, and (3) provide specific criteria as to what constitutes noncompliance with title VI and require district directors to conduct all compliance reviews.

To assure that VA and its lenders treat all veterans equally, we recommend that the Administrator:

--Monitor lenders to assure that they are not discriminating.

--Require regional offices to keep records of telephone complaints, which should be followed up with a letter requesting the complainant's signature.

--Clarify the procedures for referring complaints to the Department of Justice to insure referral of housing discrimination complaints.

## AGENCY COMMENTS AND OUR EVALUATION

FmHA generally agreed with our recommendations (see app. IV) and assured us that they would be addressed in an effort to strengthen and clarify its policies.

FmHA established a task force of three housing specialists to revise procedures on multiunit housing management. The revised procedures will include our recommendations that FmHA:

--Require rural rental housing borrowers to maintain application files showing the race of the applicant.

--Develop tenant selection plans and maintain waiting lists.

--Provide specific criteria for determining market demand.

In response to our recommendations that FmHA provide specific criteria as to what constitutes noncompliance with title VI and require district directors to conduct all compliance reviews, FmHA states that it will provide compliance training and examine the restructuring of the duties and responsibilities of field personnel.

In our opinion, compliance training without the inclusion of specific criteria for measuring noncompliance cannot assure compliance with title VI by program recipients. Additionally, to assure the independence and maintain the integrity of compliance reviews, they must be conducted by persons other than those responsible for day-to-day program operations.

Regarding the need to provide criteria for considering such factors as job tenure requirements, credit references, and personal references, FmHA stated that although definite job tenure criteria may have some merit in cases, it may have a negative effect on processing applications from lower income applicants who tend to change jobs more often than higher income workers. FmHA stated that an applicant should not be denied a loan on the basis of not having a credit history, but rather on the basis of the credit history, if one has been established as not being acceptable. FmHA agreed to clarify and strengthen its policies on job tenure and credit references by appropriate instructions to field offices.

We agree that FmHA should strengthen its procedures and believe that instructions to regional staff providing uniform

guidance will result in fairer and more consistent treatment of applicants.

Veterans Administration

VA advised us that staffing levels would not allow on-site compliance reviews of its approximately 5,000 lender offices and that the need for such reviews had not been clearly established. VA stated that it monitors lenders activities by compiling and analyzing detailed profiles of veteran minority groups which are compared with profiles for white veterans in regard to loan terms and down payment requirements.

Although the VA's approval may provide some basis for evaluating compliance of lenders in terms of loans made, we believe it provides little or no assurance that lenders are not discriminating in the loan applications that are denied or withdrawn. We believe that an effective monitoring system can be developed to flag potential problems in compliance and to identify those lenders needing onsite visits.

VA agreed to take action to keep records of telephone complaints and to clarify procedures for referring complaints to the Department of Justice.

APPENDIX I

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

OFFICE OF THE ASSISTANT SECRETARY
FOR FAIR HOUSING AND EQUAL OPPORTUNITY

October 31, 1977

IN REPLY REFER TO

Mr. Henry Eschwege
Director, Community and
Economic Development Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Eschwege:

Enclosed are this Department's comments on your proposed report to the Congress, concerning improvements needed in Federal efforts to enforce compliance with fair housing legislation, as applicable to HUD's responsibility under Titles VI and VIII. I appreciate the opportunity to respond to this report.

In the attachment, we have made some factual corrections, clarifications, minor technical changes and given you more up-to-date information on the operations of these programs since the cut-off date of your survey, i.e., April 30, 1976.

I look forward to receiving the final report and should you have any questions on this matter, please do not hesitate to let me know.

Sincerely,

Chester C. McGuire
Assistant Secretary

Attachments

APPENDIX I

Comments on Draft GAO Report

We have a number of general comments about the GAO draft report before addressing the specific points of the report.

1. Time period examined - The time period examined by GAO, January 1, 1973 to April 30, 1976, reaches back so far that it in no way represents current Department policy or practice.

2. Failure to differentiate policy and practices in 1973 from 1976 - GAO generally uses a "worst-case" analysis rather than averages in a particular time period. This ignores progress through time. To state just one example, the number of Title VI complaints open more than 180 days in the three regions studied is as follows:

| | Total Cases Open | Open More than 180 Days |
|---|---|---|
| June 30, 1974 | 66 | 34 |
| June 30, 1975 | 59 | 17 |
| June 30, 1976 | 10 | 0 |

3. Failure to acknowledge Department efforts to deal with the problems identified - A reading of the GAO reports fails to disclose any HUD recognition of the problems discussed. It is as if GAO had just discovered all these inadequacies that the Department had never known about, let alone attempted to deal with. In fact, we are well aware of the problems, and have made substantial progress in dealing with them.

Any adequate recitation would have to cite the following:

a. Creation of the Division of Program Compliance in August 1974.
b. Publication of the first comprehensive Title VI Handbook in June 1976 (Handbook 8040.1).
c. Numerous training sessions designed to improve Regional performance, the first conducted in January 1975.

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d. Extreme management steps taken in January 1977 to improve the performance of the three worst regions.
e. Development and implementation of an automated complaint tracking system.

4. Failure to recognize staff limitations - The Department of Justice in its recent Title VI report clearly identifies inadequate numbers of staff as a prime problem. It is inconceivable that GAO totally fails to identify this problem and yet lack of staff is the major reason for the small number of compliance reviews accomplished and the delays in complaint processing.

Specific Comments on GAO Report

Title VI

Page i - Par. 3 - 1st sentence - The Department's regulations require (not recommend) first-come, first-served for the same-sized unit and allowing for certain priorities only in the public housing program. Section 236 projects for which commitments were approved after February 7, 1972, are subject to affirmative marketing regulations (24 CFR Part 200.600). Section 8 new construction and substantial rehabilitation is subject to affirmative marketing (24 CFR* ). For Section 8 existing housing, the PHA must file an Equal Opportunity Housing Plan (24 CFR 882.204(b)(1).

Page 2 - Par. 1 - lines 9-11. This sentence should make clear that HUD also does compliance reviews of Section 701 grantees (40 USC 461) and recipients of community development block grant assistance (42 USC 5301).

Page 5 - Par. 3 - Curing the three problems listed would not necessarily "assure . . . an equal opportunity to obtain units." The report does not show the relevance to Title VI of a preclusion of very low-income applicants from obtaining housing. No tenant selection plans are required for Section 236 projects, but affirmative marketing plans are required for projects for which commitments were approved by HUD after February 5, 1972.

Page 6 Par. 1 - lines 4-6. Some preferences or priority factors, e.g. veterans' status are provided under State law.

Pages 6-8. The discussion on these pages is simply not detailed enough to determine whether Title VI or the tenant selection and assignment plan of the housing authority has been violated. One missing element is the race of the applicants. Another is the basis which the authority gave for making the offers it did. It may be that the income of the applicants played a part, perhaps they were veterans, etc.

*(24 CFR 880.218 & 881.218)

3

Page 7 - 2nd and 3rd sentences - We do not believe that a lack of relationship between application date and date housed is "inconsistent with the intent of HUD's Title VI regulations." The inconsistency exists only if all other factors are held constant.

The statement that "Compliance with these regulations assures that discrimination will not occur" (emphasis added) is too strong; "makes it less likely" would be more accurate.

Page 9 - last par. - 1st sentence - This sentence is not an accurate statement of the regulations, which allow an authority to apply other factors affecting preference or priority established by the authority's regulations that are not inconsistent with the objectives of Title VI. (See 24 CFR 1.4(b)(2)(ii).

Pages 13-14 - The discussion on Section 236 fails to note that Section 236 projects for which the Department issued commitments after February 5, 1972, were required to adopt affirmative marketing plans. (24 CFR 200.600 to 200.640) to attract tenants of all minority and majority groups to the housing.

Page 15 - last par. - This paragraph does not accurately reflect HUD policy. The fact that project sites are racially identifiable is not, in and of itself, sufficient to support a finding of a violation of Title VI or the imposition of any affirmative action obligation on housing authorities. However, in practice, racial identifiability does not exist in a vacuum. Discriminatory practices often undergird the racial identifiability. Thus, a close analysis of the reasons for the racial identifiability will frequently result in a conclusion that Title VI or its regulations have been violated. a/

Page 16 - The Department does not rely solely upon a numerical occupancy figure or the racial identifiability of projects for determining whether the tenant selection and assignment plan of a public housing authority is consistent with the objectives of Title VI of the Civil Rights Act of 1964 as provided in 24 CFR 1.4(b)(2)(ii). The discussion of departmental policy involving the use of minimum percentages of minority occupants is inappropriate and any conclusion as to the compliance of Housing Authorities with Title VI drawn from the application of that policy is inaccurate. a/

Pages 17-19, 21 and 23 - "HUD's 1968 definition" should not be relied upon in this discussion. See comment on page 16, above. a/

Pages 20-23 - This analysis is deficient in failing to identify lack of staff as the principal reason for the problem. The small number of reviews, the choice of small authorities, and the use of questionnaires are all the result of short staff.

a/In a discussion with the Deputy Assistant Secretary of Fair Housing and Equal Opportunity held subsequent to receipt of their comments, he agreed that we had adequately articulated the position of the agency.

4

The current work measurement standard allows 66 hours for a compliance review of a housing authority. This figure is under review and is expected to increase considerably, but taking it as accurate for the present, and multiplying by the 821 housing authorities in the Atlanta Region, we get 66 x 821 = 54186 , or 30 staff years. Thus, the two employees assigned to Title VI in Atlanta would take 15 years to review all the housing authorities if they did not work on Section 236, community development block grants or other programs.

Page 22 - 3rd par. - This paragraph is misleading because of its placement. It follows a paragraph discussing FY 1977 activities in another region, implying that reviews by questionnaire is a current practice of the Chicago Region. This is not true. Further, it is clear from the Title VI Handbook (Chapter 5) that a field visit is an integral and required part of any compliance review.

Page 23 - last par. - line 1 - Our records indicate that Region IV received 156 complaints during this period, Region V received 91, and Region IX received 40 for a total of 287.

Pages 23-25 - This discussion does not reflect the substantial improvements that have taken place since 1973. Our records reflect the following for the three regions reviewed by GAO:

| | Total Cases Open | Open More Than 180 Days |
|---|---|---|
| June 30, 1974 | 66 | 34 |
| June 30, 1975 | 59 | 17 |
| June 30, 1976 | 10 | 0 |

There is also a complete omission of the Title VI Handbook requirements concerning complaints (Chapter 3).

Page 26-27. With respect to the five recommendations addressed to this Department, we have the following comments:

(a) Recommendation 1 - Frequent and regularly scheduled compliance reviews. We agree.

(b) Recommendation 2 - Tenant assignment plans. We agree. We believe that the present requirements for Section 236 (affirmative marketing) and for Section 8 (Equal Housing Opportunity Plan or affirmative marketing) further the objectives of Title VI in those programs. However, we anticipate that our current consideration of a new approach to

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tenant selection and assignment plans for low-rent public housing may demonstrate the need for a similar approach to tenant selection and assignment in the Section 236 and Section 8 programs. We intend to adopt those policies which will most effectively address problems of segregation and discrimination in assisted housing.

(c) Recommendation 3 - Assess requirements such as financial stability in light of objectives of Title VI. We believe that the objectives of Title VI and the goal of financial stability of projects can coexist.

(d) Recommendation 4 - Maintenance of adequate records by program recipients. This is already required. We will take the appropriate steps to see that those instructions are reissued and strengthened where necessary.

(e) Recommendation 5 - Prompt and thorough Title VI complaint investigation. We agree.

TITLE VIII

The report attributes HUD failure to achieve its compliance objectives to untimely investigation of complaints. It does not, however, indicate the staff hours available to accomplish the objectives nor does it state at what rate complaint receipts have increased in the sample regions selected. Such information would have identified the root causes of untimely investigation which, in many cases, is due to an inappropriate staff complement. Nationally, complaints received in the five-year period from 1970 to 1975 increased three-fold with no commensurate increase in staff.

Complaint referrals to states identified as substantially equivalent present the same problems. Delays in processing and investigation at the state level occur primarily because of inadequate staff and since HUD does not provide financial assistance for the processing of the complaints it refers, state agencies will process first the complaints which are made directly to the state agency.

While it is recognized that many of the auditors' observations are correct, we hope that these criticisms will provide a base from which further legislation may develop. However, we continue, to the best of our ability, to rectify any inadequacies, particularly those associated with delays in the processing of complaints. Specifically, in addressing the recommendations of the GAO, the Office of Fair Housing and Equal Opportunity has:

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- Taken action to insure timely processing of complaints by directing all field offices to process complaints in accordance with the Title VIII Field Operations Handbook.

- Continued its program of Fair Housing Legal Siminars to educate the public and specifically private attorneys and bankers as to the provisions of Title VIII.

- Considered the feasibility of a new advertising campaign to educate, on a massive scale, the general public.

- Rescinded all referrals to state and local agencies until final determinations by the Secretary are made as to the granting of permanent equivalency based on the criteria set forth in Part 115 - Recognition of Substantially Equivalent Laws.

- Instructed field offices to cooperate with private fair housing organizations that utilize testing as an investigative technique, where appropriate.

- Instructed field offices to monitor conciliation agreements regularly as part of the administrative complaint process.

[See GAO note p. 49.]

7

[See GAO note.]

The report points out the inadequancies of Title VIII in the area of enforcement powers. It should also point out that lack of enforcement authority in the Secretary seriously hampers the conciliation process.

The report strongly urges that HUD use testers in its attempts to ascertain whether discrimination has occurred. While we agree that testing is sometimes a valuable tool, we do not agree with a recommendation that HUD staff should engage in testing.

While the report recognized that testing is valuable only when performed in close proximity to the time of the alleged discriminatory housing practices, it fails to take into account that the average complaint which HUD had jurisdiction to investigate was not filed until well after the discriminatory action occurred. With respect to 115 complaints examined the GAO found on the average that this delay was 35 days (see page 32). In view of the fact that testing would not be effective in many cases in which HUD receives complaints, we believe that the heavy emphasis placed on HUD's failure in this area is inappropriate and we recommend that this section of the report be revised.

We shall, of course, continue to cooperate with fair housing groups who use testing. In that connection, it should be noted that HUD has contracted with a national fair housing group to study housing discrimination in forty metropolitan areas across the country. The field work, which involved extensive use of testers, was recently completed. The resulting report should provide valuable information on what further steps we should take in the area of testing.

Finally, we must reiterate the subject matter covered in our general comment numbered 4 and mentioned at other places in our comments. We recognize that our enforcment effort with regard to Title VI and Title VIII has shortcomings. We are engaged in a continuous effort to improve our performance and to make real the civil rights guarantees embodied in those statutes. As noted above, we have already taken steps to correct many of the shortcomings highlighted in the report. However, it is beyond our power to solve the major problem which impedes our enforcement effort - insufficient staff. We think that Congress may be misled by your failure to mention that fact in your report. Therefore, we strongly urge and recommend that you include in your final report to Congress a thorough discussion of what portion of the shortfall in enforcement is due to the insufficient number of staff engaged in the enforcement function.

GAO note: The deleted comments relate to matters which were discussed in the draft report but omitted in this final report.

APPENDIX II

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

November 7, 1977

OFFICE OF THE ASSISTANT SECRETARY
FOR FAIR HOUSING AND EQUAL OPPORTUNITY

IN REPLY REFER TO:

Mr. Henry Eschwege
Director, Community and
Economic Development Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Eschwege:

This will supplement my recent letter with which I enclosed our comments on the GAO draft report on fair housing enforcement. This letter is intended to supplement certain views set forth in our comments and to add a few additional notes.

I want to first assure you that we are well aware of the deficiencies in our fair housing enforcement effort. We feel that a large part of the root cause is the less than ardent commitment to fair housing enforcement of prior administrations. This led to a general decline, we think, in the federal civil rights effort. That lack of commitment by leadership has already been remedied. The President voiced his commitment in his inaugural address and has since issued a directive to all agency heads that civil rights laws, particularly Title VI of the Civil Rights Act of 1964, are to be strictly enforced. The current leadership of this Department is comprised of persons with a history of involvement in and commitment to the securing of civil rights to all persons. I can further assure you that the current leadership of the Office of Fair Housing and Equal Opportunity is comprised of persons who are dedicated to seeing that the Department meets its obligations under Title VI and Title VIII and other civil rights mandates administered by this Office. We are engaged in a continuous review of our efforts in this area to determine exactly what and where our deficiencies are. In this endeavor, we find it helpful to have our operation audited by GAO, to have your constructive criticism, and to have your recommendations with regard to corrective actions that should be taken.

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Based upon our internal assessments and your draft report, a number of actions have been taken and others are contemplated. Among these are the following:

1. In August, 1974, we created and staffed at Central Office a new division within the Office of Fair Housing and Equal Opportunity the primary task of which is to strengthen our Title VI enforcement.

2. In June, 1976, we published and distributed to all offices the first comprehensive handbook (8040.1) on Title VI

3. We have for some years pursued a policy of frequent training sessions for staff engaged in the handling of Title VI and Title VIII complaints. That policy continues. The content of the training is continuously refined to make it more effective and to make efficient our handling of complaints.

4. There are regular training sessions for regional staff who do compliance reviews under Title VI. Those sessions will continue.

5. For Title VI we have developed and implemented an automated system for tracking complaints and compliance reviews.

6. The data system for Title VIII complaints has only recently been semi-automated. We continue to work toward a fully automated system. However, the semi-automated system is a vast improvement that allows us to pinpoint more rapidly deficient areas and corrective steps can then be taken on a more timely basis.

7. Instructions with regard to the timely investigation and processing of Title VIII complaints are being updated. Our improved data retrieval capability will allow us to quantify the deficiencies of each office as updated instructions are issued.

8. We are presently evaluating the fair housing laws of a number of states and localities to determine whether they comply with Title 24, Chapter 1, Part 115 of the Code of Federal Regulations. We expect soon to publish in the Federal Register the list of states whose laws have been determined substantially equivalent. We will then proceed to refer complaints to the appropriate state or local agency.

9. The Department is planning its fourth national training of state and local personnel of agencies that administer fair housing laws. We will emphasize the need to have them join our effort to educate the public on the necessity for prompt filing of housing discrimination complaints.

10. We have revised the Title VIII handbook to include a procedure and format for on-site monitoring of conciliation agreements. The new procedure has been used by some regional compliance personnel and found to be effective.

Finally, we recognize the necessity of obtaining additional staff to devote to this effort. There will be a small increase in FY '78. A further increase is anticipated in FY '79 in the first budget to be prepared and presented by this administration. I think that budget request will confirm what I said earlier in this letter regarding the commitment of this administration and the current leadership of this Department to effective enforcement of the fair housing laws.

I trust that these supplemental comments will make clear our commitment and indicate that we are actively addressing our known deficiencies with curative measures.

Sincerely,

Chester C. McGuire
Assistant Secretary

APPENDIX III

UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D.C. 20530

NOV 1 8 1977

Address Reply to the Division Indicated and Refer to Initials and Number

Mr. Victor L. Lowe
Director
General Government Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Lowe:

This letter is in response to your request for comments on the draft report entitled "Improvements Needed in Federal Efforts to Enforce Compliance With Fair Housing Legislation."

The proposed report identifies many of the major deficiencies in the Federal government's approach to ensuring nondiscrimination in housing. However, the report overlooks some important factors which we believe should be considered before the report is issued to Congress.

The report purports to deal with the "Federal" effort to enforce fair housing legislation, however, only four agencies' activities are recognized and discussed in the report. Section 808(d) of the Fair Housing Act, 42 U.S.C. 3608(c), provides that "(a)ll executive departments and agencies shall administer their programs and activities relating to housing and urban development in a manner affirmatively to further the purposes of" the statute (emphasis added). The efforts of agencies such as the Federal Home Loan Bank Board (FHLBB), the Federal Reserve Board, Comptroller of the Currency, and the Federal Deposit Insurance Corporation (FDIC) should be considered as part of the Federal government's efforts to deal with discrimination in housing. The FHLBB, in its capacity as the agency with supervisory responsibilities over Federally chartered or Federally insured savings and loan associations, oversees the operations of about 4,000 institutions which regularly make mortgage loans. The

APPENDIX III



FHLBB has recognized its obligations to ensure that these associations do not operate in a manner which is inconsistent with Title VIII. Similarly, the Federal Reserve Board, Comptroller of the Currency and the FDIC have the authority and responsibility to require nondiscrimination in Federally chartered and insured banks.

The direct role of the Department of Justice in the fair housing enforcement scheme is largely overlooked in the report. Several statutory provisions establish the Department's role in this area.

Section 813 of the 1968 Civil Rights Act, 42 U.S.C. 3613, specifically authorizes the Attorney General to bring civil lawsuits to remedy discrimination in housing. The Civil Rights Division has filed over 260 cases against more than 700 defendants pursuant to this provision. The 1974 Housing and Community Development Act contemplates that matters which involve discrimination in programs established by that Act and which cannot be resolved through the administrative process, will be referred to the Attorney General "with a recommendation that an appropriate civil action be instituted," 42 U.S.C. 5309(b), and that the Attorney General may bring suit even without a referral, 42 U.S.C. 5309(c). The 1974 Act further provides for a referral of matters to the Attorney General where a recipient of assistance has failed to comply with the provisions of the statute, 42 U.S.C. 5311(b).

Title VI constitutes a separate statutory authority through which the Department of Housing and Urban Development (HUD) and other agencies might refer matters to the Attorney General for judicial relief in order to obtain compliance with the fair housing laws where HUD funds are involved, 42 U.S.C. 2000d-1(2). A related statute, the Equal Credit Opportunity Act, 15 U.S.C. 1691 et seq., prohibits discrimination in "any aspect of a credit transaction", including mortgage lending. The 1976 amendments to the Act permit the Attorney General to bring a suit, 15 U.S.C. 169e(f)(2), and allow agencies with enforcement responsibilities to refer matters to the Attorney General, 15 U.S.C. 1691e(g).

A final way that the Department of Justice becomes involved in the enforcement of fair housing laws is through referrals from the military services when military personnel are victims of housing discrimination and by referrals from HUD's Office of Fair Housing and Contract Compliance. These referrals do not have a separate statutory basis, but they have resulted in several successful suits to vindicate the rights of service persons and HUD Title VIII complainants where voluntary conciliation under Section 810 of the 1968 Act, 42 U.S.C. 3610, failed, and there was evidence of a pattern or practice of discrimination. Referrals from both these agencies are handled like other cases initiated under Section 813, 42 U.S.C. 3613.

On page 11, the report discusses requirements which contribute to tenants not being selected on a first-come first-serve basis. During this discussion the report states, "The Housing and Community Development Act of 1974 (PL 93-383) required HUD to establish standards for operating financially sound public housing projects..." (emphasis added). The statute contains no such directive. HUD regulations governing tenant selection refer only generally to "financially sound" projects, 24 C.F.R. 860.204(a). HUD's Annual Contributions Contract only states that projects are to be administered to promote efficiency and economy, HUD-53011, Sections 101, 201 (11/69). While authority for these provisions is arguably implied in the United States Housing Act of 1937, as amended, 42 U.S.C. Sections 1437d(a), (c), and g, they remain only administrative decrees.

In light of the above provisions, we suggest the report state that administrative applications of existing statutes may have led public housing authorities to believe that HUD-assisted projects must be financially sound.

Comments throughout the draft report refer to the fact that various statutes "allow" the agencies to take certain steps to remedy discrimination, e.g., page 3. The Farmers Home Administration (FmHA) has evidently claimed that Title VI applies only where a developer receives a loan. We believe that Section 808(d), 42 U.S.C. 3608(c) requires the agencies to act affirmatively to ensure non-

APPENDIX III



discrimination in housing. It should be noted that the four Federal agencies that have regulatory authority for depository institutions have been sued for failing to meet their obligations under this Section. National Urban League, et al. v. Office of the Comptroller of the Currency, et al., Civil Action No. 76-718 (D. D.C.).

Pages 34-36 of the report recommend that HUD instruct the Office of Fair Housing and Equal Opportunity to use "testers" as part of their techniques for determining discrimination involving rental housing. The use of testers by HUD would probably be a useful additional tool and the recommendation is appropriate. However, several problems associated with testing must be avoided for a program to be successful. Testers must be properly trained and should be used to supplement, not replace other investigative techniques. Testing should not be looked upon as a panacea that would replace careful investigation of records and the gathering of other corroborating facts.

While we agree with the conclusion in the report that HUD needs authority to compel compliance with the Fair Housing Act, we point out that in addition to the cease and desist power contained in H.R. 3504, which is noted in the report, other enforcement mechanisms are contained in H.R. 3504, including HUD's power to enforce by referral of individual cases to the Attorney General. Enforcement mechanisms are also included in other legislation proposed during this session of Congress including H.R. 7787, H.R. 5899, H.R. 3449, H.R. 2532, and S. 571. We believe that all enforcement mechanisms should be carefully considered before a final recommendation is made.

The Federal Programs Section of the Civil Rights Division has recently completed a comprehensive survey of the Title VI enforcement efforts of the Department of Housing and Urban Development. Many of the findings and recommendations set forth in the report of that survey are similar to those in the GAO report. We have enclosed a copy of this report for your consideration in preparing the report to Congress.

APPENDIX III



Because of the experience of the Department's Civil Rights Division in the area of fair housing enforcement, you may wish to contact representatives of the Division for additional information. We appreciate the opportunity given us to comment on the report. If you have any additional questions, please feel free to contact us.

Sincerely,

/

Kevin D. Rooney
Assistant Attorney General
for Administration

Enclosure

APPENDIX IV

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
WASHINGTON, D.C. 20250

Mr. Henry Eschwege
Director, Community and Economic
Development Division
U.S. General Accounting Office
Washington, DC 20548

SEP 07 1977

Dear Mr. Eschwege:

This is in response to the draft report entitled "Improvements Needed in Federal Efforts to Enforce Compliance With Fair Housing Legislation".

GAO recommends that to make compliance reviews meaningful and to assure equal treatment of all applicants for Farmers Home Administration (FmHA) housing loans, the Secretary of Agriculture require that:

1. FmHA require rural rental housing borrowers maintain application files showing the race of the applicant.

A task force of three multi-unit housing specialists from varying State staffs will meet with representatives of the multi-unit housing division in the National Office on October 24, 1977, for the purpose of developing a total revised procedure on multi-unit housing management that will include this recommendation.

2 FmHA require rural rental housing borrowers develop tenant selection plans and maintain waiting lists.

Same as (1).

3. FmHA provide specific criteria as to what constitutes noncompliance with Title VI.

Paragraph 1901.202 (a) (2) of the attached FmHA Instruction 1901-E provides two pages of guidelines on what constitutes noncompliance with Title VI.

The number of possibilities of specific acts which would constitute noncompliance in the many Title VI programs administered by this Agency is so great as to make such an effort unrealistic. We believe that the level of responsibility and competence of employees assigned compliance review responsibilities is such that the existing guidelines are sufficient for that employee to detect instances of noncompliance. Too, specific types of noncompliance are discussed at the compliance training course offered by the Agency in its training center in Oklahoma. Hopefully, we can find a way to expedite such training for all personnel assigned to compliance review tasks.

APPENDIX IV

4. FmHA require District Directors to conduct all compliance reviews.

The new Administration is currently looking at methods whereby duties and responsiblities of our field personnel may be restructured. Be assured that the entire compliance review function will come under close scrutiny in an effort to enhance the effectiveness of such reviews.

5. That FmHA strengthen procedures for approving single family loans by providing criteria for considering such factors as job tenure requirements, credit references and personal references.

A policy requiring an applicant to be employed for a definite period of time in their present job may have some merit in cases where an applicant is employed as a specialist or high-risk trade. If, however, an applicant is employed as a laborer and other jobs at equal wage rates are available in the area, our concern should be only with the fact that employment is available in the area and that the applicant has a history of continuous employment. The establishment of definite job tenure criteria may have a negative effect on processing applications from lower-income applicants, since such applicants tend to change jobs more often than higher-income workers.

We believe an applicant should not be denied a loan on the basis of not having a credit history, but rather on the basis of the credit history, if one has been established, not being acceptable. In cases where applicants have not established a credit history, we must rely on personal references.

We will clarify and strengthen our policies in regard to job tenure and credit references by appropriate instruction to our field offices.

6. FmHA provide specific criteria for determining market demand necessary to justify rural rental housing projects.

Same as (1).

James E. Newton

GORDON CAVANAUGH For
Administrator

Attachment

APPENDIX V

VETERANS ADMINISTRATION
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS
WASHINGTON, D.C. 20420
OCTOBER 17 1977

Mr. Gregory J. Ahart
Director, Human Resources Division
U. S. General Accounting Office
441 G Street, N. W.
Washington, DC 20548

Dear Mr. Ahart:

The Veterans Administration (VA) appreciates the opportunity to comment on the August 9, 1977, draft report, "Improvements Needed in Federal Efforts to Enforce Compliance with Fair Housing Legislation." The report states that the VA needs to strengthen its controls over lenders and improve its discrimination complaint handling procedures. We already have extensive controls over lenders and positive action has been initiated to improve complaint handling procedures. Our comments to the specific recommendations addressed to our agency follow.

Participating lenders in the VA guarantee loan program have been advised of the requirement to retain all applications, whether approved or rejected, for a period of twenty-five months. This requirement is contained in Regulation B, paragraph 202.12(b) issued by the Federal Reserve Board pursuant to the Equal Credit Opportunity Act. This requirement is also contained in DVB Circular 26-77-7, paragraph 4. All VA loan applications contain the needed data on race, sex and marital status. A specific VA requirement for record retention would duplicate the provisions established by the Equal Credit Opportunity Act.

Present and foreseeable staff levels do not allow on-site fair housing compliance reviews to be performed on the approximately 5,000 lender offices, and the need for these reviews has not been clearly established. The VA monitors the activity of lenders through the compilation and analysis of detailed profiles of veteran minority groups that are compared with profiles for white veterans regarding loan terms and down payment requirements. These comparisons enable the VA to evaluate lenders' compliance with VA fair housing requirements. These reviews have identified favorable placement practices by mortgage banking companies as these firms have made a larger percentage of VA guaranteed loans to minorities than have other groups of lenders.

Due to the serious nature of prior civil rights complaints, the VA has followed the policy of requiring a signed, written complaint before action is initiated on an alleged civil rights violation. Our agency is presently reviewing this policy and will incorporate the provisions necessary to accomplish the intent of this recommendation.

Mr. Gregory J. Ahart
Director, Human Resources Division
U. S. General Accounting Office

The report states that the VA needs to clarify the procedures for referring complaints to the Department of Justice to insure referral of housing discrimination complaints. VA personnel seek to rectify allegations of discrimination through direct assistance to the veterans. When these allegations are not resolved in an expeditious manner, the discrimination complaints, along with all pertinent background material, are forwarded to the Justice Department in accord with Section 813 of Title VIII. Action will be taken to amend our directives to clarify our referral procedures.

Thank you again for the opportunity to review this draft report.

Sincerely,

MAX CLELAND
Administrator

APPENDIX VI

## PRINCIPAL OFFICIALS RESPONSIBLE FOR ADMINISTERING ACTIVITIES DISCUSSED IN THIS REPORT

| | Tenure of office | |
|---|---|---|
| | From | To |
| **DEPARTMENT OF AGRICULTURE** | | |
| SECRETARY OF AGRICULTURE: | | |
| Robert S. Bergland | Jan. 1977 | Present |
| John A. Knebel | Nov. 1976 | Jan. 1977 |
| John A. Knebel (acting) | Oct. 1976 | Nov. 1976 |
| Earl L. Butz | Dec. 1971 | Oct. 1976 |
| **FARMERS HOME ADMINISTRATION** | | |
| ADMINISTRATOR: | | |
| Gordon Cavanaugh | June 1977 | Present |
| Denton E. Sprague (acting) | Apr. 1977 | June 1977 |
| Frank W. Naylor (acting) | Jan. 1977 | Apr. 1977 |
| Frank B. Elliott | Aug. 1973 | Jan. 1977 |
| Frank B. Elliott (acting) | Mar. 1973 | Aug. 1973 |
| James V. Smith | Mar. 1969 | Mar. 1973 |
| **DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT** | | |
| SECRETARY OF HOUSING AND URBAN DEVELOPMENT: | | |
| Patricia Roberts Harris | Jan. 1977 | Present |
| Carla A. Hills | Mar. 1975 | Jan. 1977 |
| Jame T. Lynn | Feb. 1973 | Mar. 1975 |
| George W. Romney | Jan. 1969 | Feb. 1973 |
| ASSISTANT SECRETARY FOR FAIR HOUSING AND EQUAL OPPORTUNITY: | | |
| Chester C. McGuire, Jr. | Apr. 1977 | Present |
| Chester C. McGuire, Jr. (acting) | Jan. 1977 | Apr. 1977 |
| James H. Blair | June 1975 | Jan. 1977 |
| Gloria E. A. Toote | June 1973 | May 1975 |

## DEPARTMENT OF JUSTICE

| | Tenure of office | |
|---|---|---|
| | From | To |
| ATTORNEY GENERAL: | | |
| Griffin B. Bell | Jan. 1977 | Present |
| Edward H. Levi | Feb. 1975 | Jan. 1977 |
| William B. Saxbe | Jan. 1974 | Feb. 1975 |
| Robert H. Bork, Jr. (acting) | Oct. 1973 | Jan. 1974 |
| Elliot L. Richardson | May 1973 | Oct. 1973 |
| Richard Kleindienest | June 1972 | May 1973 |
| ASSISTANT ATTORNEY GENERAL FOR CIVIL RIGHTS: | | |
| Drew F. Days, III | Mar. 1977 | Present |
| Drew F. Days, III (acting) | Feb. 1977 | Mar. 1977 |
| Stanley J. Pottinger | Feb. 1973 | Feb. 1977 |
| David L Norman | Aug. 1971 | Feb. 1973 |

## VETERANS ADMINISTRATION

| | | |
|---|---|---|
| ADMINISTRATOR: | | |
| Max Cleland | Mar. 1977 | Present |
| Richard Roundebush | Sept. 1974 | Mar. 1977 |
| Donald Johnson | Jan. 1973 | Sept. 1974 |

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