



Highlights of GAO-10-905, a report to congressional requesters

## Why GAO Did This Study

Pursuant to the Fair Housing Act, Department of Housing and Urban Development (HUD) regulations require grantees, such as cities, that receive federal funds through the Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) to further fair housing opportunities. In particular, grantees are required to prepare planning documents known as Analyses of Impediments (AI), which are to identify impediments to fair housing (such as restrictive zoning or segregated housing) and actions to overcome them. HUD has oversight responsibility for AIs. This report (1) assesses both the conformance of CDBG and HOME grantees' AIs with HUD guidance pertaining to their timeliness and content and their potential usefulness as planning tools and (2) identifies factors in HUD's requirements and oversight that may help explain any AI weaknesses.

GAO requested AIs from a representative sample of the nearly 1,200 grantees, compared the 441 AIs received (95 percent response based on final sample of 466) with HUD guidance and conducted work at HUD headquarters and 10 offices nationwide.

## What GAO Recommends

GAO recommends that, through regulation, HUD require grantees to update their AIs periodically, follow a specific format, and submit them for review. HUD neither agreed nor disagreed with the recommendations but noted recent efforts to improve compliance and oversight.

[View GAO-10-905 or key components.](#)  
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# HOUSING AND COMMUNITY GRANTS

## HUD Needs to Enhance Its Requirements and Oversight of Jurisdictions' Fair Housing Plans

### What GAO Found

On the basis of the 441 AIs reviewed, GAO estimates that 29 percent of all CDBG and HOME grantees' AIs were prepared in 2004 or earlier, including 11 percent from the 1990s, and thus may be outdated. HUD guidance recommends that grantees update their AIs at least every 5 years. GAO also did not receive AIs from 25 grantees, suggesting that, in some cases, the required documents may not be maintained, and several grantees provided documents that did not appear to be AIs because of their brevity and lack of content. GAO reviewed 60 of the current AIs (those dating from 2005 through 2010) and found that most of these documents included several key elements in the format suggested in HUD's guidance, such as the identification of impediments to fair housing and recommendations to overcome them. (See table below for common impediments identified in 30 of these 60 current AIs.) However, the vast majority of these 60 AIs did not include time frames for implementing their recommendations or the signatures of top elected officials, as HUD guidance recommends, raising questions about the AI's usefulness as a planning document. As a result, it is unclear whether the AI is an effective tool for grantees that receive federal CDBG and HOME funds to identify and address impediments to fair housing.

HUD's limited regulatory requirements and oversight may help explain why many AIs are outdated or have other weaknesses. Specifically, HUD regulations do not establish requirements for updating AIs or their format, and grantees are not required to submit AIs to the department for review. A 2009 HUD internal study on AIs, department officials, and GAO's work at 10 offices identified critical deficiencies in these requirements. For example, HUD officials rarely request grantees' AIs during on-site reviews to assess their compliance with overall CDBG and HOME program requirements, limiting the department's capacity to assess AIs' timeliness and content. While HUD initiated a process to revise its AI regulatory requirements in 2009, what the rule will entail or when it will be completed is not clear. In the absence of a department-wide initiative to enhance AI requirements and oversight, many grantees may place a low priority on ensuring that their AIs serve as effective fair housing planning tools.

### Commonly Cited Impediments to Fair Housing in Selected AIs

Impediment	Description of impediment
Zoning and site selection	<ul style="list-style-type: none"><li>Building and zoning codes, which may contain lot requirements such as minimum street frontage and front yard setbacks, and amenities (e.g., landscaping), that can affect the feasibility of developing low- and moderate-income housing.</li></ul>
Public services	<ul style="list-style-type: none"><li>Inadequate public services, such as schools, in areas where minorities or people with disabilities may live.</li></ul>
Lending policies and practices	<ul style="list-style-type: none"><li>Less favorable mortgage lending terms from private lenders, such as higher interest rates, for minority borrowers than are generally available for nonminority borrowers with similar risk characteristics.</li></ul>

Source: GAO analysis of 30 current AIs.