



HUD Unveils Massive Integration Plan

HUD intends to submit a new rule proposal in April targeting massive desegregation of each of the nation's more than 74,000 census tracts. The plan, modeled on HUD's Westchester County, NY low income housing mandate, (search www.cdpublications.com/HAL for previous stories on the Westchester ruling) will require that each census tract contain a similar percentage of minority families that now live in concentrated areas of a local/regional government's jurisdiction. HUD determined that the county's minority population is 10%, mostly concentrated in White Plains and Yonkers.

While Westchester's minority populations are minuscule, making it easier to apply sanctions on a percentage basis, it remains unclear how HUD would determine percentages to be applied to census tracts when minority populations in urban settings surpass the surrounding white populations by a large margin, such as Detroit.

Under the proposal, any unit of local government that receives, and has received, any federal subsidy that specifies the application of housing provisions, such as Community Development Block Grants, must prove that it followed HUD's requirements to provide housing for poor minority families. Failure to provide such proof would subject municipalities to the loss of subsidies or require equivalent housing for the minority poor in each of their census tracts -- each tract contains about 4,000 residents.

Elections Delayed Agenda Release

HUD has kept its new plan under wraps for more than a year by delaying release of its semi-annual Unified Agenda of Regulatory & Deregulatory Actions. Sources tell *HAL* the Obama administration deliberately withheld the Spring 2012 Unified Agenda (UA) because of the political volatility of some of the proposals. OMB delayed release of the Fall 2012 UA until after the November elections for the same reason. The UA was finally released late Dec. 21 after government operations were shut down for the Christmas holiday, keeping the issues well under the political radar.

The new Fair Housing Act change is the only rule proposal listed for HUD. The department says the rule is intended to "overcome the legacy of segregation" by applying the law "proactively."

"HUD is committed to helping... the middle class and those aspiring to join the middle class, through access, opportunity and fairness, and HUD can do this by strengthening the statutory mandate to affirmatively further fair housing," the UA document says.

Calling it a new approach, HUD will apply the lessons learned from its Westchester County experience. The affluent New York City suburb was taken to task in 2009 for failure to sufficiently apply its CDBG grants to provide housing for the poor. A New York metro fair housing organization sued Westchester in 2006 under the 1863 Federal False Claims Act, known as the Lincoln Law, which allows private parties to recover triple damages from anyone who fraudulently takes federal money.

A federal judge found the county had failed to meet the preconditions of \$52 million in CDBG awards by failing to analyze impediments to fair housing based on race and it misrepresented its efforts to desegregate overwhelmingly white communities when it applied for the revenue sharing.

Officials Mum On Plans

The county settled with HUD rather than risk losing more than \$85 million in future CDBG grants, agreeing to pay \$51.6 million to build or buy 750 houses in 31 select communities in seven years and provide them to poor black and Hispanic families on a percentage basis. And the county was required to pay the Anti-Discrimination Center of Metro New York \$10.5 million for filing the lawsuit.

The settlement calls for 630 of the homes to be reserved in areas where blacks constitute 3% or less of the population and Hispanic make up less than 7%. The remaining homes meet different criteria for ethnic concentration and costs. The county must recruit minority tenants for the new homes from the surrounding metro area. Tenants would be provided Section 8

housing vouchers to pay rental costs.

HUD officials decline to discuss the UA because the proposal for new rules has not been officially issued. But HUD sources tell *HAL* the department seized the Westchester settlement as its pilot for a plan to ensure that all census tracts in the nation are properly desegregated. HUD has been researching more than 1,000 municipalities nationwide for discrepancies in their federal grant agreements.

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