



OFFICE of  
**INSPECTOR GENERAL**  
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UNITED STATES DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT

# HUD's Office of Community Planning and Development Can Improve Its Monitoring of Civil Rights Compliance

**Audit Report Number: 2025-BO-0002**

**March 11, 2025**

To: Claudette Fernandez  
General Deputy Assistant Secretary, Office of Community Planning and Development, D

**//signed//**  
From: Kilah S. White  
Assistant Inspector General for Audit, Office of Inspector General, GA

Subject: HUD's Office of Community Planning and Development Can Improve Its Monitoring of Civil Rights Compliance

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our audit of HUD's Office of Community Planning and Development's monitoring of civil rights compliance in its program activities.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, as amended, requires that OIG post its reports on the OIG website. Accordingly, this report will be posted at <https://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call Ronald J. Lloyd, Audit Director, at (215) 704-0554.

## Highlights

### HUD's Office of Community Planning and Development Can Improve Its Monitoring of Civil Rights Compliance | 2025-BO-0002

#### What We Audited and Why

We audited the U.S. Department of Housing and Urban Development's (HUD) Office of Community Planning and Development's (CPD) monitoring of grantees' compliance with civil rights requirements. Our audit focused on the Community Development Block Grant (CDBG) and the HOME Investment Partnerships Program (HOME). Our audit objective was to assess the extent to which CPD monitored civil rights compliance in its program activities.

#### What We Found

CPD could improve its civil rights compliance monitoring reviews. Specifically, CPD performed civil rights monitoring reviews for 2 percent of the CDBG and HOME grantees it monitored in fiscal year 2023. CPD suspended its limited civil rights monitoring in fiscal years 2021 and 2022 pending the Affirmatively Furthering Fair Housing (AFFH) rules. In fiscal year 2023, it resumed its limited civil rights monitoring. However, guidance issued by management did not instruct staff to conduct civil rights monitoring, which led to confusion among field staff. In addition, CPD could improve its monitoring by requiring its field staff to fully complete the CPD Handbook 6509.2, chapter 22, civil rights monitoring checklists while conducting remote monitoring. Without clear guidance and in-depth monitoring reviews, CPD could miss opportunities to identify errors in grantees' policies, procedures, and practices related to nondiscriminatory responsibilities in CPD programs, thus overlooking the potential to communicate fair housing concerns to HUD's Office of Fair Housing and Equal Opportunity (FHEO) for resolution.

#### What We Recommend

We recommend that HUD's General Deputy Assistant Secretary for Community Planning and Development coordinate with FHEO to implement training for civil rights monitoring reviews. Additionally, CPD should (1) ensure that training on civil rights monitoring reviews is regularly provided to CPD staff (such as quarterly, semiannually, etc.); (2) implement updated guidance or protocols for monitoring civil rights compliance and require CPD staff to incorporate civil rights monitoring into the risk analysis process; and (3) develop guidance clarifying the use of the exhibit for on-site, hybrid, and remote monitoring to ensure a full review of grantees' compliance with civil rights requirements, and incorporate this guidance into training developed as a result of the first recommendation. HUD took steps during the audit to implement the second recommendation.

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## Background and Objective

The Fair Housing Act, as amended, prohibits discrimination based on race, color, religion, national origin, sex, disability, and familial status. The Act prohibits harassment and discrimination in the sale, rental, advertising, or financing of housing; the provision of brokerage services; and other activities related to residential real estate transactions. With some exceptions, the Act covers all “dwellings,” which are defined generally as buildings designed to be used in whole or in part for a residence, as well as vacant land offered for sale and lease for constructing or locating a building.

HUD’s Office of Fair Housing and Equal Opportunity (FHEO) enforces the Act, which aids its mission to eliminate housing discrimination, promote economic opportunity, and achieve diverse, inclusive communities by leading the Nation in the enforcement, administration, development, and public understanding of Federal fair housing policies and laws. Program offices, including the Office of Community Planning and Development (CPD), are responsible for ensuring its programs comply with laws and regulations, and have a duty to assist FHEO with ensuring civil rights compliance in its programs.

CPD seeks to develop viable communities by promoting integrated approaches that provide decent housing and a suitable living environment and expand economic opportunities for low- and moderate-income persons. Due to the vast array of programs under CPD, we focused on two of the highly funded program areas, the Community Development Block Grant (CDBG) and the HOME Investment Partnerships Program (HOME). The 2023 President’s Budget requested \$3.8 billion for CDBG and nearly \$2 billion for HOME. The CDBG program provides annual grants on a formula basis to States, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment and by expanding economic opportunities. HOME provides formula grants to States and localities that communities use, often in partnership with local nonprofit groups, to fund a wide range of activities, including building, buying, and rehabilitating affordable housing for rent or home ownership or providing direct rental assistance to low-income people.

One of HUD’s strategic goals is to “reduce housing discrimination, affirmatively further fair housing (AFFH) through HUD programs, and promote diverse inclusive communities.” To assist in achieving this goal, CPD developed the Fair Housing and Equal Opportunity chapter of its monitoring handbook (chapter 22 of Handbook 6509.2). According to the handbook, CPD staff is responsible for conducting limited civil rights monitoring reviews. A limited monitoring review includes collecting certain data on program participants’ implementation of their nondiscrimination responsibilities within CPD’s programs. CPD developed monitoring checklists to document the results of its monitoring reviews. CPD staff’s responsibilities include the following steps:

### Premonitoring Review

- Conduct a risk analysis to determine monitoring review priorities and provide the monitoring schedule as well as any updates to the FHEO Field Office Director.
- Provide Grants Management Process (GMP) system data to FHEO.
- Examine program participants’ Consolidated Annual Performance and Evaluation Reports (CAPER), racial and ethnic direct beneficiary data in the Integrated Disbursement and Information System, Analysis of Impediments to Fair Housing Choice, Assessment of Fair Housing, grant agreements, legal documents or any other voluntary fair housing planning activities, known actions, or FHEO supplementary information.

### Monitoring Review

- Complete the appropriate chapter 22 checklists while reviewing regulatory requirements for the applicable program.<sup>1</sup>
- Within 5 business days of a completed monitoring review, forward the finalized checklist(s) and other relevant documentation to FHEO.

### Postmonitoring Review

- Enter pertinent information into CPD's GMP system database for future risk analyses.
- Provide a copy of CPD's final monitoring letter to FHEO.
- Review any correspondence between FHEO and the program participant and discuss joint issues with FHEO.
- Provide FHEO with any correspondence received from a program participant in response to FHEO communication with the program participant.

CPD staff does not make findings of civil rights compliance for program participants. However, CPD does communicate fair housing issues to FHEO staff for further review. CPD staff is encouraged to collaborate with FHEO staff to discuss civil rights questions and issues during the monitoring process.

Our audit objective was to assess the extent to which CPD monitored civil rights compliance in its program activities.

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<sup>1</sup> The review is based primarily on an examination of the program participant's records. This includes the regulatory records required by 24 CFR (Code of Federal Regulations) 570.506(g) for CDBG entitlement program participants, and 24 CFR 92.508a and 92.351(a) for HOME participating jurisdictions.

## Results of Audit

### HUD's Office of Community Planning and Development Can Improve Its Monitoring of Civil Rights Compliance

HUD performed minimal monitoring of civil rights compliance of its CDBG and HOME grantees. Specifically, CPD performed civil rights monitoring reviews for only 2 percent of the CDBG and HOME grantees it monitored in fiscal year 2023. The lack of monitoring of civil rights compliance was caused by CPD's suspending its limited civil rights monitoring in fiscal years 2021 and 2022 pending the AFFH rules. In fiscal year 2023, it resumed its limited civil rights monitoring. However, guidance issued by management did not instruct staff to conduct civil rights monitoring, which led to confusion among field staff. In addition, CPD could improve its monitoring by requiring its field staff to complete the CPD Handbook 6509.2, chapter 22, civil rights monitoring checklists while conducting remote monitoring.

Without clear guidance and in-depth monitoring reviews, CPD could miss opportunities to identify errors in grantees' policies, procedures, and practices related to nondiscriminatory responsibilities in CPD programs, thus overlooking the potential to communicate fair housing concerns to FHEO for resolution.

### HUD Performed Monitoring of Civil Rights Compliance for 2 Percent of CDBG and HOME Grantees

HUD performed minimal monitoring of civil rights compliance of CDBG and HOME grantees during fiscal year 2023. HUD Handbook 6509.2, chapter 22, paragraph 22-3, states that CPD staff is required to conduct limited monitoring reviews. CPD performed civil rights monitoring reviews for 2 percent of the CDBG and HOME grantees it monitored. Specifically, CPD conducted 159 monitoring reviews of CDBG program grantees. However, it did not perform civil rights monitoring during these reviews. Additionally, CPD conducted monitoring reviews of 87 HOME grantees, including 6 civil rights monitoring reviews. CPD senior leadership stated that CPD staff is required to comply with 52 cross-cutting requirements and specialties, including civil rights monitoring. To help staff prioritize these tasks and responsibilities, CPD incorporates an annual risk analysis approach in which grantees and their specific program areas are scored to select those with the highest risk for monitoring. CPD senior leadership understands that staff workload is hard to balance by the amount of manageable work required and the available staff. CPD implemented organizational restructuring which includes 10 regional directors, each supported by a monitoring and risk specialist. These regional experts will help facilitate training and mentoring to field office staff regarding more subject-matter-intensive topics or complex grantee issues, such as fair housing.

As a result of insufficient guidance and updated protocols, CPD field staff emphasized alternative methods of monitoring, such as the assisted complaint function, investigative hotline, Annual Action Plan, and CAPER review. The assisted complaint function and investigative hotline are HUD forums for citizens who believe their rights have been violated, which CPD uses to initiate a civil rights compliance review.

Housing discrimination complaints can be filed in writing to HUD. However, the HUD investigative hotline is the primary process to submit allegations of fraud, waste, abuse, mismanagement, or whistleblower-related matters within HUD-funded programs. Complaints submitted online or through the investigative hotline are funneled to CPD for review. The Annual Action Plan and CAPER reviews, which are conducted

twice annually for each grantee, involve examining barriers to implementing affordable housing and fostering affordable housing conditions, as well as the outcomes of those served in comparison with community demographics. The CAPER is designed to help States and local jurisdictions assess their affordable housing and community development needs and market conditions, while making data-driven, place-based investment decisions.

However, these methods are not considered a replacement for the monitoring review process.

## **CPD Lacked Clear Guidance for Fiscal Year 2023 Monitoring Reviews**

HUD can improve its monitoring of civil rights compliance by providing clear guidance to its staff. Of the 20 CPD field staff members surveyed, 8 stated that CPD guidance and protocols were outdated.

Additionally, 12 staff members noted that civil rights monitoring was not a required component of their performance standards or risk analysis procedures.

Civil rights monitoring was discontinued in fiscal year 2020 because of COVID-19. In fiscal years 2021 and 2022, employees were instructed not to perform civil rights monitoring reviews because of pending AFFH regulations. In fiscal year 2023, the protocols distributed to CPD staff did not clearly state that staff should resume its civil rights monitoring actions. This created confusion for CPD field staff regarding whether to consider including civil rights compliance as a focus area for review in the risk analysis for fiscal year 2023. Additionally, CPD did not address guidance on civil rights monitoring, leading to several field employees expressing confusion regarding whether to conduct civil rights monitoring reviews during that period.

CPD took steps during the audit to develop more clear guidance related to civil rights compliance monitoring. Specifically, CPD developed the fiscal year 2024 CPD Risk Analysis and Monitoring Protocols. These protocols provided more clear guidance related to limited civil rights reviews. The protocols state that if results of the risk assessment identify limited civil rights as an area to monitor, staff should consult with FHEO to determine the best strategy for review.

## **Civil Rights Monitoring Checklists Were Not Fully Completed When Remote Monitoring Was Performed**

Although CPD performed six civil rights monitoring reviews of HOME grantees during fiscal year 2023, the civil rights monitoring checklists were not fully completed. The six monitoring reviews included nine civil rights monitoring checklists. None of the checklists were fully completed. Each checklist had 11 questions, for a total of 99 questions to be reviewed. Of the 99 questions, 72 questions were marked as “N/A,” 14 of the questions marked as “N/A” had no reviewers’ conclusion, and 30 indicated “N/A” because the monitoring review was done remotely; therefore, those 30 questions were not addressed.

HUD stated that several of the questions in the checklist had an indicator that triggered the reviewer to answer the question only if CPD was doing an onsite review (marked as “OS”). Of the 11 questions on each checklist, 9 questions for checklist 22-3 and 5 questions for checklist 22-6 were marked as OS. Therefore, the HUD reviewer was required to answer only 2 (checklist 22-3) or 6 (checklist 22-6) of the 11 questions when performing reviews remotely and could mark the others as “N/A.” Six of nine checklists in our review were completed remotely. Of the 11 questions on the checklist, 9 were marked as OS. HUD



confirmed that it planned to continue to perform remote monitoring due to a lack of funding and manpower. FHEO officials stated that there were benefits to performing reviews remotely. Specifically, operating remotely would expand the coverage and outreach for grantee monitoring. However, CPD employees would continue to provide limited oversight of civil rights compliance because the fair housing checklists were not required to be fully completed when remote monitoring was performed.

Of the 20 CPD field staff members surveyed, 19 stated that specific training on how to perform civil rights monitoring reviews was not available and the high-level training that was available did not include guidance on performing civil rights monitoring reviews. Additionally, CPD senior leadership highlighted occasional discrepancies in the monitoring review process involving a reviewer's hesitancy between answering a question and the potential to make a wrong selection. CPD noted the possibility of some reviewer confusion when marking "N/A" to either avoid saying that the reviewers completed the step if they were not technically on site or negating the electronic file submission. The lack of training increased the risk of inaccurate responses within the civil rights compliance chapter 22 checklists. CPD senior leadership stated that it plans to improve its monitoring review training for CPD staff once the AFFH rule is finalized. However, CPD should proceed with conducting civil rights monitoring reviews regardless of the status of the AFFH rule.

## Conclusion

CPD conducted a limited number of civil rights monitoring reviews in fiscal year 2023. As a result, it potentially missed opportunities to identify errors in grantees' operations and forward those to FHEO for investigation. CPD initially delayed the monitoring until approval of proposed AFFH regulations to avoid monitoring grantees against a monitoring checklist with outdated requirements. However, it is important for CPD to maintain a presence and enforcement with its grantees, which can enhance consistent civil rights monitoring. According to FHEO, the effects of CPD's not conducting civil rights compliance monitoring reviews include (1) possible inaccurate demographic and financial data being reported in grantees' CAPERs and (2) a lack of assurance that grants are distributed in an equitable manner. Therefore, when CPD does not identify red flags and refer them to FHEO in a timely manner, issues or vulnerabilities may increase. CPD can improve its civil rights compliance monitoring by ensuring that its protocols related to civil rights monitoring are clear, enhancing its guidance related to the completion of the civil rights monitoring checklists to ensure that they are fully completed during remote reviews, and providing fair housing training to its employees.

## Recommendations

We recommend that HUD's General Deputy Assistant Secretary for Community Planning and Development

- 1A. Implement training on civil rights monitoring reviews. Additionally, CPD should ensure that training on civil rights monitoring reviews is regularly provided to CPD staff.
- 1B. Implement updated guidance and protocols for monitoring civil rights compliance and require CPD staff to incorporate civil rights monitoring into the risk analysis process.

HUD implemented this recommendation by issuing its fiscal year 2024 monitoring protocols, which provided guidance related to its limited civil rights compliance monitoring. Therefore, no further action is required by CPD. At issuance of this report, we will enter a management decision into HUD's Audit Resolution and Corrective Action Tracking System, along with the fiscal year 2024 monitoring protocols and the email disseminating the protocols to its staff, to show that final action was completed.

1C. Develop guidance clarifying the use of the exhibit for on-site, hybrid, and remote monitoring to ensure a full review of grantees' compliance with civil rights requirements, and incorporate this guidance into the training developed as a result of recommendation 1A.

## Scope and Methodology

We performed our audit off-site from our offices in Washington, DC, and Atlanta, GA, from January through September 2024. The audit covered the period October 2022 through September 2023.

To accomplish our objective, we

- Reviewed applicable laws and HUD policies and procedures related to fair housing and monitoring.
- Interviewed one experienced director and one program manager from each of the 10 HUD regions to assess control weakness, challenges, and procedures used to monitor civil rights compliance.
- Reviewed 100 percent of the monitoring reviews completed by CPD in fiscal year 2023. Specifically, we reviewed checklists from chapter 22 of CPD's Handbook 6509.2 related to monitoring civil rights program requirements.
- Interviewed FHEO senior staff and maintained communication with CPD senior leadership throughout the audit.

We relied in part on computer-processed data contained in CPD's GMP system. The GMP system is a computer-based information system, which is used to provide a documented record of monitoring conclusions and results for all CPD grant programs. Although we did not perform a detailed assessment of the reliability of the data, we performed a minimal level of testing and found the data to be adequately reliable for our purposes. The tests for reliability included but were not limited to comparing computer-processed data to supporting documents, such as chapter 22 checklists 22-3 and 22-6.<sup>2</sup>

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.


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<sup>2</sup> Checklists 22-3, Guide for Review of Civil Rights-Related Program Requirements for the HOME Program, and 22-6, Guide for Review of Civil Rights-Related Program Requirements for Section 504 of the Rehabilitation Act of 1973 for the reviewed locations

# Appendix

## Appendix A – Auditee Comments and OIG’s Evaluation

### Ref to OIG Evaluation – Auditee Comments



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
WASHINGTON, DC 20410-7000

DEPUTY ASSISTANCE SECRETARY FOR FIELD OPERATIONS  
COMMUNITY PLANNING AND DEVELOPMENT

**MEMORANDUM FOR:** Kilah S. White, Assistant Inspector General for Audit, Office of Inspector General, GA

**FROM:** Katy Burke, Associate Deputy Assistant Secretary for CPD Field Operations  
**KATHLEEN BURKE**  
Digitally signed by KATHLEEN BURKE  
Date: 2025.02.03 08:33:47 -07'00'

**SUBJECT:** OIG Audit HUD’s Office of Community Planning & Development Can Improve Its Monitoring of Civil Rights Compliance Formal Response

This memorandum serves as the Office of Community Planning & Development official response to the Subject draft audit. We appreciate your willingness to work with CPD on the audit and response. The below discusses each of the “Recommendations” and our response. Generally, we intend to comply with each recommendation, with the request that recommendation 1C consider a slight modification in language to allow for timely closure.

*Recommendation 1A – CPD Response:*

CPD OFO is pleased to say that we have completed and recorded a training event with our partners in FHCO and added it to our training curriculum and library. We will continue to reference the civil rights training in our regular monitoring roll-out presented to field at the start of each monitoring season. We will submit evidence for closure concurrent with the management decision.

*Recommendation 1B – CPD Response:*

We appreciate closure of this finding, acknowledging actions already taken.

*Recommendation 1C– CPD Response:*

In order to successfully address this recommendation, CPD OFO requests a slight modification to ensure timely closure. The recommendation states that CPD should “develop guidance... removing the onsite only restriction to ensure a full review of grantees’ compliance

 **Comment 1 >**

 **Comment 2 >**

## Ref to OIG Evaluation – Auditee Comments

with civil rights requirements and incorporate this guidance into the training developed as a result of recommendation 1A.”

The CPD Monitoring Exhibits themselves would need to go through an update and re-clearance process in order to update the instructions printed on the exhibit that speak to On-Site completion. This may prove challenging, as the exhibits will not get through clearance because of the undetermined final policy on affirmatively furthering fair housing. Instead, we suggest stating CPD should “develop guidance ... *clarifying the use of the exhibit for on-site, hybrid, and remote monitoring* to ensure a full review...”

This change will allow us to address the use of the exhibit through our protocols and training, without requiring us to remove the actual language on the exhibit itself and thus potentially cause significant delay to the timeline for closure for reasons out of CPD’s control.

## OIG Evaluation of Auditee Comments

- Comment 1            We are encouraged that HUD has taken action to develop training and provide the training to its staff. We look forward to working with CPD to close this recommendation through the audit resolution process after the issuance of the final report.
- Comment 2            CPD recommended slight modifications to recommendation 1C to ensure timely closure of the recommendation. We considered CPD’s recommendation and determined that the slight modifications are in line with the intent of the original recommendation. As a result, we updated the recommendation. We will work with CPD to close out this recommendation through the audit resolution process.