

# Federal Government Shutdown Exacerbates HUD's Dismantling of its Fair Housing Mandate

## What's Happening

The National Fair Housing Alliance® (NFHA™) urges Congress and the Trump administration to negotiate in good faith in the best interest of the people of America on a stopgap measure and ensure our nation's fair housing laws are fully enforced. As everyday Americans face an escalating [fair](#) and [affordable](#) housing crisis, the government shutdown will only worsen the crisis, cutting people off from critical resources needed to secure housing free of discrimination with the ability to thrive in well-resourced communities.

## Why It Matters

Everyone deserves the opportunity to live in safe, stable, affordable housing free from discrimination. A government shutdown will exacerbate the existing fair and affordable housing crisis impacting disabled veterans seeking to get off the streets and move into permanent housing; seniors seeking safe housing; families with children denied an apartment by a landlord; survivors of domestic violence and sexual violence seeking safety from their abusers; Black and Latino consumers seeking mortgages on fair terms; people with disabilities seeking accessible housing; and others seeking housing free of discrimination due to the lack of resources and funding available to local communities. The harmful effects of the shutdown will include but not be limited to:

- Overburdening an already understaffed HUD.** HUD's Office of Fair Housing and Equal Opportunity (FHEO) is responsible for implementing the Fair Housing Act in HUD's programs, as well as the administration of the Fair Housing Initiatives Program (FHIP) and the Fair Housing Assistance Program (FHAP). The most important function of FHEO is operating and maintaining an administrative complaint process that victims of housing discrimination can use to access relief without having to seek expensive legal counsel. FHEO has historically experienced significant staff shortages that have resulted in major consequences for victims of housing discrimination and the organizations and local governments it funds to help enforce the Fair Housing Act. The Trump administration has aggravated that situation by slashing staffing at FHEO, transferring or firing Office of General Counsel attorneys who support FHEO operations, and preventing remaining staff from conducting normal [investigatory functions](#). With a government shutdown, during which virtually all remaining fair housing staff will be furloughed, victims of discrimination who already have been waiting too long will be unable to seek and obtain the needed relief.
- Stopping the administration of the Fair Housing Initiatives Program (FHIP).** Created in 1987 under the Reagan Administration and funded by Congress annually ever since, FHIP is a grant program that provides localized assistance to people who face housing and lending discrimination. Organizations receiving FHIP grants field and resolve over 75 percent of fair housing complaints—about three times as many as all state and federal agencies combined—and they are also the primary means by which the federal government educates the public about their fair housing rights and responsibilities. However, the Administration has repeatedly acted, even before the shutdown, to cut off the funding and threaten the existence of this network of highly experienced, private, community-based fair housing enforcement organizations throughout the nation. In February, HUD abruptly terminated 78 grant contracts, adversely impacting these agencies' ability to provide essential assistance to vulnerable populations, reinstating them a month later only after being sued. Then it delayed awarding new grants and allowing existing grants to continue into the next year, continuing the funding crisis it has inflicted on the nation's local fair housing organizations. After being sued again, HUD finally plans to announce a new round of grant funding to fair housing organizations on September 30, 2025, the last day of the fiscal year. Because of HUD's unjustifiable delay in awarding the grants, it will have no time to do the paperwork to **start** the grants before the government shuts down, potentially preventing fair housing organizations—many of which have waited months for HUD to belatedly award these grants—from beginning work. That means they cannot provide assistance to families fleeing domestic violence, disabled veterans looking for permanent housing, first generation, first time homebuyers seeking fair and affordable mortgages, and others who are protected from discrimination by the nation's fair housing laws.
- Threatening AI Progress and Fair Housing Protections.** The greatest danger to Responsible AI in housing is the governance vacuum a shutdown creates. Oversight staff at HUD, the Federal Trade Commission, and the Department of Justice who are tasked with preventing bias in housing and lending algorithms would be furloughed or potentially terminated, just as powerful AI tools are spreading across the market. Individuals and families are already struggling with high rents, limited supply, increased complaints of housing discrimination, and technology's growing role in making

housing decisions would be left without vital protections. America cannot afford to cede both housing stability and its AI future to bureaucratic paralysis.

### **Call to Action**

The National Fair Housing Alliance® (NFHA™) calls on Congress and the Trump Administration to negotiate in good faith to end the government shutdown, ensure the Fair Housing Act is fully enforced, and prevent harm to the people of America during the nation's escalating fair and affordable housing crisis.