



Analysis of Impediments to Fair Housing Choice

Manatee County and the City of Bradenton, Florida

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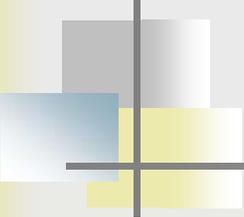
Overview of Fair Housing Law

- The Fair Housing Law was created in 1968 as an Act by Congress to prohibit discrimination in the sale, rental and financing of dwellings and any other housing-related transactions based on the protected classes. The Act initially included four protected classes: race, color, national origin, and religion.
- In 1974, the Act was amended to include sex as a protected class.
- In 1988, the Act was amended to include handicap and familial status and to provide additional remedies and strengthen enforcement.

Overview of Fair Housing Impediment Analysis

- In 1995, the U.S. Department of Housing and Urban Development (HUD) announced that entitlement communities- those communities receiving direct funding from Community Development Block Grant (CDBG), HOME Investment Partnership, and Emergency Shelter Grant (ESG), conduct a study of existing barriers to housing choice. The required study is referred to as the “Analysis of Impediments” (AI).
- The AI covers public and private policies, practices, and procedures affecting housing choice.
- Impediments to fair housing choice are defined as any actions, omissions, or decisions that restrict, or have the effect of restricting the availability of housing choices, based on **race, color, religion, sex, disability, familial status, or national origin.**

Overview of Fair Housing Impediment Analysis



Each jurisdiction must commit to **Affirmatively Further Fair Housing (AFFH)**. The certification to affirmatively further fair housing specifically requires jurisdictions to do the following:

1. Conduct an AI to fair housing choice within the state of jurisdiction.
2. Take appropriate actions to overcome the effects of any impediments identified through that analysis.
3. Maintain a record reflecting the analysis and actions in this regard.

Understanding Fair Housing Impediments Through Recent Court Decisions

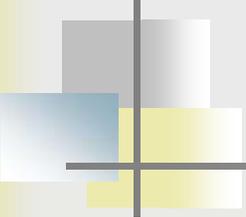
Failure to Desegregate Public Housing

A federal judge ruled on January 6, 2005 that the U.S. Department of Housing and Urban Development violated fair housing law by failing to take a regional approach to the desegregation of public housing in the City of Baltimore area. U.S. District Judge Marvin J. Garbis said HUD officials had been negligent in relocating tenants outside the city limits. The ACLU and public housing tenants charged that city and federal officials failed to dismantle the segregated public housing system of the 1940s and 1950s; thus forcing many poor black residents who relied upon public housing to live in Baltimore's most distressed neighborhoods. Judge Garbis' ruling relieved the city from any wrongdoing but said, "It's high time that HUD lived up to its statutory mandate' to consider the racial and socioeconomic effects of its policies."

Source: *Baltimore Sun*
Eric Siegel
January 7, 2005



Understanding Fair Housing Impediments Through Recent Court Decisions



Emotional-Assistance Service Animal Allowed

In February 2005, a federal court jury in Detroit sided with a 55-year-old disabled registered nurse in a decision that could solidify the right of mentally ill people to obtain exceptions to no-pet policies in apartment, condominium and cooperative housing complexes. The nurse was diagnosed with debilitating depression and was recommended to obtain a small emotional-assistance dog to help improve the quality of her life. Her complex denied her the right to have a pet, so the nurse filed lawsuit against her cooperative. The verdict which awarded \$14,209 in actual damages and \$300,000 in punitive damages to the nurse is believed to be the first federal jury verdict to recognize mental illness as a disability under the federal Fair Housing Act.

Source: *Detroit Free Press*
February 23, 2005
David Ashenfelter



Understanding Fair Housing Impediments Through Recent Court Decisions

Predatory Lending Challenged in Court

On December 20, 2004, the Pennsylvania Human Relations Commission (PHRC) was awarded \$909,752.14 in a predatory lending case. PHRC, a HUD funded Fair Housing Assistance Program agency (FHAP), awarded 10 victims \$884,752.14 in damages against McGlawn & McGlawn, a licensed mortgage broker who was found to target African-Americans for predatory loans in Philadelphia County. Another \$25,000 in civil penalties was also assessed. Lucrecia Taylor was one of the homeowners victimized by the mortgage broker. Seeking a \$10,000 emergency home repair loan, Ms. Taylor instead received a 30 year mortgage loan for \$20,500 with an interest rate of 13.090 percent and a balloon payment of \$20,193.79. After a thorough PHRC review, they found that Ms. Taylor was not allowed to read documents before signing and she was just one of many who had been targeted by McGlawn & McGlawn for predatory loans. McGlawn & McGlawn were ordered by PHRC to cease and desist as well as pay damages to Ms. Taylor and the other nine families within 90 days.

Source: HUD *Fair Housing News*
Winter 2005; Volume 3, Issue 2



Impediments & Remedial Actions

Impediment: Lack of affordable housing.

Remedial Actions:

- Manatee County and the City of Bradenton should continue to support activities that promote affordable housing opportunities. Particular attention should be paid toward increasing the production of affordable housing through community development corporations, for-profit developers, and the County and City housing authorities.
- The County and the City should continue to fund owner and rental rehabilitation programs. These programs should be designed to assist homeowners and landlords improve the condition of their property, provide homeownership opportunities to renters, and revitalize neighborhoods by improving housing conditions simultaneously.
- The County and the City should continue to support existing programs that promote affordable housing. Both the County and the city have several programs in place that encourage and support affordable housing development. These programs should be reviewed and enhanced to yield a greater production of affordable housing units.

Impediments & Remedial Actions

Impediment: Lack of affordable housing.

Best Practices Example: **Fairfax County Redevelopment and Housing Authority (FCRHA)** Fairfax, VA

Fairfax County has an Affordable Housing Partnership Program that provides funding to nonprofits and for-profits housing development organizations for the development and preservation of affordable homeownership and rental housing.

FCRHA has three funding levels:

Tier One Predevelopment:

- Funding used to determine project feasibility.
- Loan must be paid back only if project goes forward.

Tier Two Predevelopment:

- Financing goes toward predevelopment costs for further studies after feasibility has been determined.
- Loan Must be repaid.

Affordable Housing Partnership Fund:

- Construction, bridge, gap or permanent financing; equity; credit enhancement.

Impediments & Remedial Actions

Impediment: Development costs for housing.

Remedial Actions:

- Manatee County and the City of Bradenton should continue to support local affordable housing providers.

The County should continue to support the Manatee County Affordable/ Workforce Housing Taskforce to help address the concerns and needs of developers.

The City of Bradenton should continue to assist the Bradenton Grant and Assistance Community Relations Board by providing funding, technical assistance, and other City resources.

- The County and the City should market various programs and services that can assist developers in the production of affordable housing units. Manatee County and the City of Bradenton should also consider land subsidies such as conveyance of County and City property to non-profit developers and elimination of permitting fees. Tax abatements should also be explored as additional incentives for developers.

Impediments & Remedial Actions

Impediment: Development costs for housing cont.

Remedial Actions:

- The City should continue to support the expedited development review process for non-profits. The goal of the fast track process should be to assist non-profits in the delivery of housing units without any administrative delay.

Impediments & Remedial Actions

Impediment: Development costs for housing.

Best Practices Example: **Southwest Fair Housing Council**
Tucson, AZ

The Southwest Fair Housing Council initiated a Housing Industry Council Program to provide training to builders, developers, and property managers. Training is conducted on topics ranging from design and construction compliance testing to mediation and referral services.

In addition, the agency has formed collaborative partnerships with several housing industry advocacy groups such as the National Association of Residential Property, Arizona Multi-Housing Association, and the Arizona Attorney General's Office. These groups help to sponsor a number of fair housing workshops for landlords and property managers.

Impediments & Remedial Actions

Impediment: Inadequate financial literacy education.

Remedial Actions:

- Manatee County and the City of Bradenton should address the importance of financial literacy in the public school system. The County and the City should support an agency that can design a class that educates students on proactive financial planning, credit management, and debt-to-income ratio. The goal should be to provide education to students before they enter into adulthood and make careless credit decisions.
- The County and the City should work with housing advocates to continue homeownership counseling and down payment assistance for residents that addresses topics on credit worthiness, financing, and homeowner responsibilities. The emphasis should be to encourage residents to transition from renters to homeowners.
- The County and the City should continue to encourage lending institutions to do more to market alternative methods for qualifying residents for mortgages. Many lending institutions have qualifying programs that accept utility bills, car payments, and occupational longevity as a means to establish credit and offer subprime mortgages for those with “less than perfect credit”.

Impediments & Remedial Actions

Impediment: Inadequate financial literacy education.

Best Practices Example: **Jacksonville Area Legal Aid, Inc.**
Jacksonville, FL

Jacksonville Area Legal Aid has developed a youth program called "Recitals for Justice". The program is designed to teach children about fair housing and to understand how discrimination affects society.

A curriculum course outline was developed for students, which includes essay-writing and drawing assignments. A book entitled, "The Other Side", is used for class discussion on how discrimination impacted the characters in the book.

Best Practices Example: **Richardson Independent School District (RISD)** Richardson, TX

RISD has developed a program called Enterprise City that is designed to teach students economic concepts. Students are required to select and work a designation profession, develop a budget, and conduct business transactions. Sixteen businesses provide the setting that introduces the students to their future role as consumers and producers.

Impediments & Remedial Actions

Impediment: Disparity of loan originations among racial groups.

Remedial Actions:

- The County and the City should work with lending institutions to target ways to lessen the disparity among minority loan applicants. Part of the recommended strategy should be to share the HMDA data with lending institutions to determine where minorities fall short in their qualifications and help them remedy their issues.

Impediments & Remedial Actions

Impediment: Disparity of loan originations among racial groups.

Best Practices Example: **Housing Discrimination Project, Inc. (HDP)**
Springfield, MA

The Housing Discrimination Project of Massachusetts conducted an analysis of HMDA data for Springfield to review loan origination rates among racial groups. The analysis revealed that African-Americans and Latinos have significantly lower origination rates than Whites.

To mitigate the disparity of loan originations among minorities, local lenders are continuously monitored to ensure equitable lending throughout the City of Springfield.

Impediments & Remedial Actions

Impediment: Substandard housing conditions on rural farms.

Remedial Actions:

- The County should encourage farm owners to rehabilitate substandard housing for farm workers and rehabilitate the units to County code level. A farm worker residential council should be established to address future housing concerns for occupants.
- The County and the City should work with immigrant service providers to provide education on fair housing law and occupants rights. Information should be disseminated and translated in English and Spanish. The County and the City should also identify a liaison to work with the farm worker community to provide fair housing education, training, and enforcement.
- The County and the City should provide cultural sensitivity training to staff. Activities should include basic language courses, familiarity of cultures and lifestyles, and staff activities to interact with the migrant and immigrant populations.

Impediments & Remedial Actions

Impediment: Substandard housing conditions on rural farms.

Best Practices Example: **City of Santa Fe Community Development Division**
Santa Fe, NM

The City of Santa Fe, in partnership with Homewise and Somos Un Pueblo Unido, two local non-profits, set up a program to provide immigrant home buyers and renters with bilingual support services to protect their fair housing and fair lending rights.

To date, the program has counseled over 200 Spanish-speaking immigrants about their rights, provided home buyer training and assisted 13 families with homeownership opportunities.

Impediments & Remedial Actions

Impediment: Lack of local enforcement of Fair Housing Law.

Remedial Actions:

- The County and the City should seek out ways to coordinate fair housing activities, outreach, and enforcement for residents in Manatee County and the City of Bradenton. The coordination of services will eliminate duplication of efforts, eliminate confusion of reporting, and stretch the local budgets for additional fair housing activity.
- The County and the City should continue to conduct outreach programs to educate the general public on fair housing practices. These programs should target fair housing violations, education, and enforcement issues. Programs should be scheduled on a regular basis and target all racial and income groups.
- The County should seek designation as a Fair Housing Assistance Program as a means of providing additional enforcement in fair housing for the region.
- The City should seek out additional funding to support the goals and objectives of the Bradenton FHAP. The City should encourage support from the Manatee County Housing Authority, the Bradenton Housing Authority, and philanthropic organizations to help fund planned fair housing activities.

Impediments & Remedial Actions

Impediment: Lack of local enforcement of Fair Housing Law.

Best Practices Example: **Fair Housing Council of Suburban Philadelphia (FHCSF)** Greater Philadelphia, PA

The FHCSF provides enforcement, education, testing, investigation, and consulting for the suburban Philadelphia region on fair housing. The organization provides these services to four Pennsylvania counties, including Bucks, Chester, Delaware and Montgomery counties. In addition, the organization has formed strong public/private partnerships with Home Builders Association of Chester and Delaware counties and the Pennsylvania Low-Income Housing Coalitions to provide fair housing training to over 100 township officials and other housing professionals in fair housing law.

The FHCSF provides education to housing professionals on the practical applications of code enforcement, fair housing laws, and accessibility standards at the municipal level.

Impediments & Remedial Actions

Impediment: Predatory lending.

Remedial Actions:

- The County and the City should encourage lending institutions to locate in low-income census tracts. The emphasis should be to establish or reestablish checking, saving, and credit accounts for residents that commonly utilize check cashing services. Lending institutions should be encouraged to tailor products to meet past financial deficiencies of residents.
- The County and the City should encourage policy makers to strengthen existing legislation that regulate predatory lenders, particularly in low-income census tracts. This will help to decrease predatory lending activity that strip away borrower's equity through high fees and expensive, unnecessary terms. North Carolina has a predatory lending that can be used as a model for establishing more rigorous requirements for enforcement.

Impediments & Remedial Actions

Impediment: Predatory lending.

Best Practices Example: **Miami Valley Fair Housing Center, Inc.**
Greater Dayton, OH

The Miami Valley Fair Housing Center, Inc. designed the Predatory Lending Solutions project to offer prevention and intervention services to Miami Valley families who are current and potential victims of predatory lending practices.

Some of the organizational activities included setting up a hotline with trained loan specialists, promoting anti-predatory lending services, holding on-going meetings with elected officials, and providing comprehensive consumer rights services to residents.

Predatory Lending Legislation in North Carolina

- North Carolina passed the first predatory lending legislation in 1999, which limited abusive predatory lending practices in the state for all home loans.
- The North Carolina Predatory Lending Law covers three very important general prohibitions:
 - No prepayment penalties** for home loans of \$150,000 or less.
 - No flipping**, where a lender repeatedly refinances an existing home loan with upfront fees and strips equity from the home.
 - No financing upfront, single premium insurance**, which applies to credit life, disability or unemployment insurance, as well as any other life or health insurance premiums. Monthly payment insurance is still permitted.

Source: Center for Responsible Lending (www.responsiblelending.org)



Impediments & Remedial Actions

Impediment: Limited income.

Remedial Actions:

- The County and the City should continue to support activities sponsored by the local Chamber of Commerce and the Economic Development Council to recruit more corporations and manufacturing firms to the area. These organizations recruit firms that typically pay higher wages than service industry jobs and offer additional training and educational opportunities for residents.
- The County and the City should also encourage expansion of existing businesses and encourage local area employers to provide Employee Assisted Housing through down payment assistance, compensatory day with pay for closing activities, low interest rate loans, and homeownership education classes.
- The County and the City should support agencies that provide workforce development programs and continuing education courses to increase the educational level of residents. The goal should be to increase the GED, high school graduation, technical training, and college matriculation rates among residents.
- The County and the City should provide assistance with small business loan applications and other technical assistance activities whose aim is to reduce unemployment and expand the base of higher income jobs.

Impediments & Remedial Actions

Impediment: Limited income.

Best Practices Example: **Central Louisiana Business Incubator (CLBI)**
Alexandria, LA

The Central Louisiana Business Incubator is a not for profit corporation that supports business development in Alexandria. The agency provides entrepreneurial development opportunities to clients through seminars, technical assistance, workshops, and mentorships. Most businesses are high risk, but the City provides small business loans to assist with operations.

CLBI provides clients with Class-A office and conference rental space, which includes all utilities and on-site parking. Money generated from rent covers the organization's operation costs.

CLBI businesses are required to employ a percentage of low-income employees.

Impediments & Remedial Actions

Impediment: Characteristics of redlining.

Remedial Actions:

- The County and the City should develop a Neighborhood Revitalization Strategy to assist in rehabilitating blighted areas. The strategy should include a plan to rehabilitate existing housing units, construct infill housing units on vacant lots, and encourage community-based economic development projects.
- The County and the City should host a roundtable discussion with lending institutions to share data from HMDA analysis, specifically highlighting loan originations in low-income census tracts. Part of the discussion should be to emphasize the need to invest in low-income census tracts to stimulate growth and stabilize existing neighborhoods.

Impediments & Remedial Actions

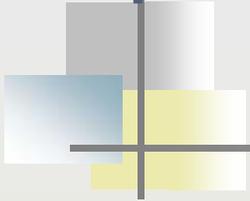
Impediment: Characteristics of redlining.

Best Practices Example: **Metropolitan Milwaukee Fair Housing Council (MMFHC)**
Greater Milwaukee, WI

The mission of the MMFHC is to promote and stabilize racially and economically diverse neighborhoods. The organization coordinates workshops of community leaders, government officials, and lenders to discuss fair growth, racial, and economic integration.

The agency also connects lenders with opportunities for lending and investment in central city communities.

Impediments & Remedial Actions



Questions and Answers