

Impediments to Fair Housing and Remedial Activities

Introduction

All of the information collected and analyzed in the previous sections was referenced to provide a comprehensive look at fair housing impediments in Manatee County and the City of Bradenton. A detailed description of each impediment with related issues, impacts, and remedial actions are outlined in this section.

Some of the remedial actions recommended in this section are conceptual frameworks for addressing the impediments. These actions will require further research, analysis, and final design by Manatee County and the City of Bradenton for implementation.

Analysis of Impediments for Manatee County and the City of Bradenton

Impediment: Lack of affordable housing.

Issue: A shortage of affordable housing exists in Manatee County and the City of Bradenton¹. While the County and the City have funded some housing developments, these housing initiatives serve a small population of very low-, low-, and moderate-income families. An analysis of household income and cost burden factors for Manatee County and the City of Bradenton suggest that affordable housing is very much needed. Approximately half of the County's and City's African-American and Hispanic populations can be classified as moderate-income households or below. Their incomes fall below \$30,938 for Manatee County and \$27,921 for the City of Bradenton². Given the median housing value for the region, \$96,000 for Manatee County and \$87,000 for the City of Bradenton respectively, many residents find that housing related expenses consume most of their income³.

Cost burden levels for Manatee County and the City of Bradenton further substantiate a need for more affordable housing. Cost burden is defined as 30 percent or more of household income dedicated to housing related expenses. In both cases, the County and the City residents displayed fairly high cost burdens regardless of race. Specifically, 47 percent of

¹ Focus Group Sessions, Page 117

² Community Profile Section, Income Tables 2.2 and 2.4, Pages 29 and 35

³ Community Profile Section, Median Housing Value, Pages 61 and 62

African-American households, 38 percent of White Non-Hispanic households, and 39 percent of Hispanics displayed 30 percent or higher cost burdens in Manatee County.⁴

Similarly for the City of Bradenton, 45 percent of African-Americans households, 43 percent of White Non-Hispanic households, and 36 percent of Hispanics households displayed 30 percent or higher cost burdens⁵.

Impact: The lack of affordable housing units limits housing choice for many residents with little income. Minorities are especially affected since they typically have lower income and reside in racially homogenous neighborhoods. In Manatee County and the City of Bradenton, there are more opportunities for affordable housing for persons 55 and older due to age restricted mobile home parks, but these locations are reaching maximum capacity. The scarcity of affordable housing has caused many residents to seek more expensive housing, thus dedicating more of their income to housing related expenses. Households with high cost burdens have less money to spend on other basic needs such as food, transportation, and clothing.

⁴ U.S. Census Bureau, 2000

⁵ U.S. Census Bureau, 2000

Remedial Solutions: 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.

The County and the City should encourage conversion of vacant properties into affordable housing opportunities. According to the 2000 U.S. Census the county has a 5.84 percent housing vacancy rate in non-seasonal housing units and the City has a 7.55 percent housing vacancy

rate⁶. These units can be brought up to code if necessary and offered as affordable housing opportunities for residents. If the condition of the house warrants demolition, the County and the City should target infill housing opportunities for non-profit housing organizations.

Impediment: Development costs for housing.

Issues: A number of developers expressed an interest in building affording housing, but construction costs prevent many developers from initiating projects. Recently, the County increased its impact fees for developers, which has further escalated the cost of housing. Coupled with the need to build homes to withstand potential threats from hurricanes, the rising cost of land values, and Return on Investment (ROI), developers are not convinced that building affordable housing developments are a profitable endeavor⁷. The County has set up a program aimed at offsetting some of the costs of impact fees and some developers are finding that the reduced impact fees make a difference, but developers insist that more assistance is needed. The City has witnessed increased land value due to the scarcity of developable real estate. Much of the housing planned for Bradenton includes market-rate, high-density housing.

⁶ Community Profile Section, Housing Tenure for Manatee County, Table 5.1, Page 61 and Housing Tenure for the City of Bradenton, Table 5.2, Page 62

⁷ Focus Group Sessions, Page 115

Impact: Developers find that building market-rate housing is far less cumbersome, less intrusive, and more profitable. Developers are able to charge higher prices for homes and can pass on increased construction costs to potential homebuyers without dealing with income restrictions or fixed housing costs associated with affordable housing. The demand for market-rate housing is so great that it is driving up the cost for all housing in the area, including affordable housing. The Manatee County Community Services Department has recently increased its purchase prices for affordable homes to \$160,000 for moderate-income households, \$145,000 for low-income households, and \$130,000 for very low-income households⁸. Likewise, the City of Bradenton has increased its purchase prices for affordable homes from \$99,000 to \$140,000, but there is still some difficulty in finding qualified buyers for affordable housing units⁹.

Remedial Solutions: 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.

⁸ Interview, Denise Thomas, Manatee County Housing and Development Coordinator

⁹ Interview, Jeana Winterbottom, City of Bradenton Development Services Department, Grants and Administration Manager

The County and the City should market various programs and services that can assist developers in the production of affordable housing units. The County has already initiated the Reduced Impact Fees schedule for affordable housing. 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.

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.

Impediment: Inadequate financial literacy education.

Issue: Oftentimes potential homeowners are denied mortgages and financing for homeownership due to poor credit history or lack of a credit history. This factor keeps many residents as renters instead of homeowners, which does not benefit the occupant on a long term basis in building equity, wealth or becoming financially stable. An early start in managing personal finances is a skill set that can be implemented in the public school curriculum, which can prepare an individual for a major

purchase like owning a home. Without proper financial literacy education, residents may continue to make poor financial decisions. Financial literacy for teenagers and young adults before their credit becomes damaged and financial education for those who need to repair their credit enables potential homebuyers to qualify for the best credit terms in major purchases and eliminates the major obstacles to loan origination.

Impact: Evidence from the HMDA data suggests that a number of applicants were denied home mortgages due to credit history, debt-to-income ratio, and lack of collateral. In Manatee County, credit history denials included applicants with poor credit or no credit. Specifically in the County, approximately 9,490 applicants were denied mortgages due to credit history, 4,250 applicants were denied mortgages due to debt-to-income ratio, and 3,290 applicants were denied based on the applicant's collateral¹⁰. Limited income further complicates individuals' ability to improve their financial portfolio, thus continuing the economic hardship and preventing individuals from qualifying for a mortgage in the future.

In the City of Bradenton, the majority of applicants were denied mortgages due to credit history or debt-to-income ratio. Nearly 1,581 denials were related to the applicants' credit history in the seven years of the study.

¹⁰ HMDA Analysis, for Manatee County Page 140

Nearly 708 denials were related to the applicants' debt-to-income ratio and over 548 denials were blamed on collateral in those same years¹¹.

Remedial Solutions: 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".

¹¹ HMDA Analysis for the City of Bradenton, Page 171

Impediment: Disparity of loan originations among racial groups.

Issue: African-Americans and Hispanics constitute 17.25 percent of the total population in Manatee County, but their loan originations (number of loans approved) are far less representative than their overall population. The HMDA data for Manatee County showed that African Americans received 2.54 percent of total loan originations between 1997 – 2000¹². Yet African-Americans make up 8.19 percent of the total population in Manatee County¹³. Similarly for Hispanics in Manatee County, the group constitutes 9.26 percent of the total population, yet the total number of loans originated for Hispanic were 3,388 or 3.38 percent during the same period¹⁴.

Whites, in contrast, comprised 80.55 percent of the total population in Manatee County¹⁵. The number of loan originations for Whites were 76,788 or 76.59 percent¹⁶. This is significantly closer to their overall population when compared to African-Americans and Hispanics and suggest that a disparity exists among the three racial groups.

Approximately 15 percent of loan origination applicants did not specify race on the application.

¹² HMDA Analysis for Manatee County, Table 3.2, Page 143

¹³ IBID

¹⁴ IBID

¹⁵ IBID

¹⁶ IBID

In Bradenton, a similar disparity of loan originations exist amongst racial groups. For African-Americans, the group represented 3.92 percent of all loans originations, yet they constituted 15.11 percent of the City's total population and for Hispanics, loan originations was 3.89 percent¹⁷. Hispanics made up 11.26 percent of the City's population¹⁸. Loan originations sharply contrast with Whites who comprised 75.06 percent of the City's total population and displayed a 78.14 percent loan origination rate¹⁹. Like the County, a large disparity of loan originations exists in Bradenton for American-Americans and Hispanics when compared to Whites.

Impact: Low loan origination percentages limit housing choice for African-American and Hispanic households. This causes a higher proportion of African-American and Hispanic households to remain renters thereby limiting the potential of building equity through homeownership opportunities.

Remedial Solution: 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.

¹⁷ HMDA Analysis for the City of Bradenton, Table 3.2, Page 174

¹⁸ IBID

¹⁹ IBID

Impediment: Substandard housing conditions on rural farms.

Issue: Manatee County has a growing number of farm workers, many of them being immigrants from Central American countries. Many of the workers reside in overcrowded, substandard housing on farms provided by the owner²¹. Because of the language barrier and cultural differences, many farm workers are unaware of the laws that govern standard housing conditions and fair housing and they are often unaware of what is considered acceptable living conditions. Similar findings are outlined in the Needs Assessment of Farm Worker Communities for Manatee County.

Impact: Cultural diversity may also effect individuals' perceptions of what is considered decent and safe housing, which in turn perpetuates their not being aware that their housing conditions are substandard and unacceptable by our society's standards, and more specifically our code enforcement standards. Moreover, migrant workers share a sense of loyalty to their employer and/or may feel an implied or explicit threat of losing one's employment and home and would be unwilling to report fair housing violations even if they knew the appropriate fair housing contact person.

²¹ Focus Group Sessions, Page 117

Remedial Solutions: 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.

Impediment: Lack of local enforcement of Fair Housing Law.

Issue: A lack of local enforcement of Fair Housing Law exists in both Manatee County and the City of Bradenton. Manatee County refers all fair housing complaints and violations to the HUD regional office in Atlanta, Georgia and the Florida Commission on Human Relations. An

analysis of fair housing complaints for Manatee County between 2000 – 2004, revealed that 42 cases were reported to HUD, the Bradenton FHAP, and the State of Florida FHAP²². This number is significantly low if you consider Manatee County's population of 300,000 residents.

During the focus group sessions it was reported that a large percentage of residents were unaware of the existing fair housing laws²³. This issue may help to explain the limited number of violations reported from the County. The County is seeking designation of a Fair Housing Assistance Program.

The City of Bradenton was designated a FHAP (Fair Housing Assistance Program) by the U.S. Department of Housing and Urban Development in 2001. The goal of the FHAP is to enforce the Fair Housing Law, to mitigate any occurrences and violations, and to provide education to the general public. The Bradenton FHAP is not fully operational due to some funding limitations and staff changes. It is currently in its capacity building phase, but continues to provide outreach efforts through education, training, and enforcement.

Impact: Without the comprehensive oversight of local government agencies, proper enforcement can not be conducted and many residents risk the chance of becoming victims of fair housing violations. Some fair

²² Fair Housing Complaint Data, Manatee County, Page 109

²³ Focus Group Session, Page 118

housing occurrences require immediate assistance but may be delayed since the local agency is in a capacity building mode. Restricted local fair housing enforcement results in a less educated public, unaware of their rights under federal and state Fair Housing Law. With little knowledge, residents are not equipped with the information to determine if their rights have been violated or how to seek remedies to fair housing issues.

Remedial Solutions:

The County and the City should seek out ways to coordinate fair housing activities, outreach, and enforce 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 of a FHAP 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.

Impediment: Predatory lending.

Issue: Predatory lending practices are becoming a widespread concern in Manatee County and the City of Bradenton. Several cases were cited by residents that suggest unfavorable lending practices²⁴. In many of the minority neighborhoods, lending institutions display an insignificant presence in the community. Typically, banks steer away from locating and investing in low-income census tracts, which makes it inconvenient for area residents to conduct business. In many low-income neighborhoods, there is an overabundance of pay-day loan, check-cashing, and title-loan stores, but a lack of traditional lending institutions. The low-income population may be subject to predatory lending because they may have a poor credit rating, no or limited credit history, or no social security number.

Impact: Predatory lending practices often result in a lower-income household (it is primarily lower-income households that need to borrow

²⁴ Focus Group Sessions, Page 118

from this type of lender) losing their home or automobile. In some cases, homeowners who had already paid off their original mortgage could lose their home on a loan for a small fraction of the home's value. With a lack of access to local banks and credit unions, residents are more likely to utilize the services of convenient sub-prime lenders and check-cashing stores that may charge exorbitant interest rates and have severe default penalties. Predatory lending may further impair an individual's credit and monopolize more of a low-income person's monthly income with high interest payments and finance charges, leaving less money for housing and necessities.

Remedial Solutions: 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 strips away borrower's equity through high fees and expensive, unnecessary terms. North Carolina has a predatory lending law that can

be used as a model for establishing more rigorous requirements for enforcement.

Impediment: Limited income.

Issue: Limited income is a major factor preventing many residents to exercise their choice in housing. In Manatee County, African-Americans and Hispanics households display higher percentages of lower incomes than White households. More than 57 percent of White households reported earning above \$50,000 as compared to 23.73 percent of African-Americans households and 27.06 Hispanic households in 2000²⁵.

In Bradenton, more than forty-five percent of African-American and Hispanic households earned \$24,999 per year or less. For White households, the percentage was considerably less at 30 percent²⁶.

This disparity in income limits the type of housing that can be obtained by minority households. Their choice tends to be limited to the areas with the oldest housing stock, typically located in and near the central city²⁷.

This is evident in Map 2.1 of the Fair Housing Index on page 129. Factors such as family size, education and job skill levels, and unemployment are

²⁵ Community Profile Section, Household Income by Race for Manatee County, Table 2.2., Page 29

²⁶ Community Profile Section, Household Income by Race for the City of Bradenton, Table 2.3. Page 35

²⁷ Fair Housing Index Map, Page 129

major contributors to the plight of these households, which when concentrated, increase the likelihood of residents experiencing some level of housing discrimination or have problems finding affordable, appropriate housing.

Impact: Households experiencing severely low-incomes are typically limited in housing choice. They are usually relegated to older housing stock and subsidized housing units. Much of their income is dedicated to housing related expenses. This leaves very little income for other family needs and cripples their chances of homeownership opportunities.

Remedial Solutions: 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.

Impediment: Characteristics of redlining.

Issue: Redlining is a practice where mortgage companies refuse to do business within the boundaries of certain areas considered to be undesirable. This act is typically racially discriminatory since the areas in question are usually contain largely minority populations. The HMDA analysis does not provide conclusive proof that redlining exist, but it does show that loan originations in low-income census tracts are less likely to be granted than loan originations in higher income census tracts no matter the applicant's income level.

Regardless of income levels of applicants, the percent of loan origination

rates in the County's low-income census tracts does not exceed 50 percent. According to the 1997-2003 HMDA analysis on page 144, high-income households (120 percent or greater than the median income) have a loan origination rate of just 50 percent, and moderate-income households (81-95 percent of the median family income) have a loan origination rate of 47.5 percent in low-income census tracts²⁸. Low-income households (51-80 percent of the median family income) have a loan origination rate of 45 percent²⁹.

In contrast, low-income households in high-income census tracts have a 51 percent loan origination rate, moderate-income households have a loan origination rate of 58 percent, and high-income households have a loan origination rate of 67 percent³⁰.

In the City of Bradenton, the characteristics of redlining can be seen in the much lower origination rates of similar income individuals. As shown in Chart 3.3, in low-income tracts, high-income applicants do not have as high an approval rate as low-income applicants in higher income tracts³¹.

Similar characteristics can be observed by comparison of loan originations

²⁸ HMDA Analysis for Manatee County, Table 3.3 Page 144

²⁹ IBID

³⁰ IBID

³¹ HMDA Analysis for the City of Bradenton, Chart 3.3, Page 183

within various income groups between Low- and High-Income tracts in the City of Bradenton from Tables 3.4 and 3.5³².

Impact: Redlining limits potential investment in areas that are blighted and stagnant. Developers find that lending institutions are less likely to fund development projects in areas that are blighted and deteriorated. As the neighborhoods continue to decline, families move out, and houses are left vacant. These units become a target for vagrants and squatters. Businesses also relocate, leaving the remaining residents with limited services for the area.

Remedial Solutions: 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.

³² HMDA Analysis for the City of Bradenton Table 3.4 and 3.5, Pages 176 - 180