

# CITY OF ARLINGTON ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE



City of Arlington Office of Strategic Initiatives

City Hall, 101 W. Abram Street

Arlington, Texas 76010

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- ✚ City of Arlington Mayor and City Council
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- ✚ Arlington Board of Realtors
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- ✚ Residents of Arlington
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- ✚ Housing Channel
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# I. Executive Summary

The Housing and Community Development Act of 1974 requires that any community receiving U.S. Department of Housing and Urban Development Federal Entitlement funding under the Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Solutions Grant (ESG) and receives funding provided under the Public Housing Authorities public and assisted housing programs must certify that the jurisdiction is “affirmatively furthering fair housing choice.” This Analysis of Impediments to Fair Housing Choice (AI) serves as a component of the requirements of that Act for the City of Arlington and the Arlington Housing Authority.

The 1974 Act requiring the AI is an extension of the 1968 Federal Fair Housing Act adopted by the U.S. Congress and signed into law by President Lyndon B. Johnson. The Federal Fair Housing Act prohibits discrimination in housing based on a person’s race, color, religion, gender, disability, familial status, or national origin. Persons protected from discrimination by fair housing laws are referred to as “members of the protected classes.” Protected class members under the Federal Fair Housing Act are protected on the basis of race/ethnicity, color, religion, sex, disability, familial status, and national origin. The U.S. Department of Housing and Urban Development (HUD) expanded the protected classes by issuing a Final Rule on February 3, 2012 that prohibits entitlement communities, public housing authorities, and other recipients of federal housing resources from discriminating on the basis of actual or perceived sexual orientation, gender identity, or marital status.

This Analysis of Impediments (AI) is a review of demographic data, metrics of discrimination and disparity, local regulations and administrative policies, procedures, and practices that affect the location, availability, and accessibility of housing. The AI also assesses the conditions where public and private housing is located, along with public policies and regulations that affect fair housing choice.

The AI was developed with a substantial city-wide analysis and discussion on the trends and issues relating to housing. The community engagement process solicited multiple perspectives including government agencies and departments, City of Arlington elected and appointed boards and commissions, fair housing advocates, social service agencies, housing developers, apartment owners, non-profit organizations, business and industry, civic and neighborhood associations, educational institutions, public and assisted housing residents, and the general public.

Strategic planning sessions were held with elected and appointed representatives of the City of Arlington, Arlington Housing Authority, and other city departments with policy, regulatory, and program responsibilities that potentially impact housing, fair housing, and neighborhood sustainability. The strategic planning sessions refined the AI work plan and identified key issues and data for the analysis. Public forums and stakeholder focus group sessions were held August to December 2019. In the event a representative from a critical housing sector was not able to attend a public forum or focus group session, supplemental interviews were conducted. These included various city departments, elected officials, nonprofit and for-profit developers, continuum of care organizations, community leaders, business professionals and housing industry representatives.

The combination of quantitative data analysis and qualitative research identified a series of factors that significantly contribute to fair housing issues in Arlington. These contributing factors were assigned three priority levels: high, medium, low based on the strength of supporting evidence that initially identified the factor:

- High – factors that limit or deny fair housing choice or access to opportunity, as well as other factors that are urgent or establish a foundation for future actions
- Medium – moderately urgent or building on prior actions
- Low – limited impact on fair housing issues

The contributing factors are organized to align with the issues discussed in the Fair Housing Analysis section of the AI: (B) (i) Segregation/Integration; (B) (ii) Racially or

Ethnically Concentrated Areas of Poverty (R/ECAPs); (B) (iii) Disparities in Access to Opportunity; (B)(iv) Disproportionate Housing Needs; (C) Publicly Supported Housing; (D) Disability and Access; and (E) Fair Housing Enforcement, Outreach Capacity, and Resources. The City of Arlington and Arlington Housing Authority programs, policies, procedures, waiting list, and regional influences have been reviewed and the identified impediments are outlined in Section VI of this report. Section VI also includes recommendations and best practices to address the identified impediments.

### **Arlington Housing Authority and City of Arlington AI Conclusions**

An assessment of characteristics affecting housing production, availability, and affordability was conducted, including the adequacy and effectiveness of housing that was designed, implemented, and operated by the Arlington Housing Authority (AHA). The assessment evaluates the ability of the AHA-operated Section 8 Voucher Housing Choice Program to reach target markets and effectively identify and serve those with the greatest need. The AI also assesses the extent to which AHA is utilizing current programs and funding to address the impediments identified in the FY 2019-2020 AI and previous Analysis of Impediments. The analysis also includes a review of AHA programs, operating procedures, waiting list, tenant composition, and any regional impacts to fair housing. AHA programs policies and procedures were deemed consistent and in compliance with HUD requirements. There were no impediments identified in the review of AHA programs, policies, and procedures. The full analysis of impediments for AHA, including any recommendations of remedial actions are presented in Section VI of this report.

The analysis of impediments in Arlington revealed that the cost of new housing development and replacement housing is resulting in higher rental rates for Low-Moderate Income (LMI) persons. HUD-approved Fair Market Rents (FMR) for the AHA Section 8 Housing Choice Voucher Program does not support access to market rate housing throughout the City because of the higher cost of available market rate properties and the fact that participation by private owners of rental properties is voluntary. Other impediments include high cost of land, high appraisal values after development that do not support financing, and a de-concentration of race/ethnicity,

poverty, and lower income persons. Currently, privately-owned, federally-subsidized housing developments need repair and replacement of marginal and obsolete units. Current market values for existing developments versus the land and development cost to build new replacement units makes the sale of existing units and development of comparable replacement units infeasible. The cost to modernize and update existing units are cost-prohibitive due to limited federal funding and similar overall cost for renovation compared to building new replacement units on current and alternative sites.

In 1995, the City of Arlington enacted a local Fair Housing Ordinance, which was updated on August 22, 2006 – See Fair Housing Ordinance No. 06-082, amended August 22, 2006. The City of Arlington ordinance provides for a designated Fair Housing Officer who receives fair housing complaints to refer the complaints to the HUD FHEO Regional Office in Fort Worth, Texas for investigation and enforcement. The City Fair Housing Officer is also responsible for providing public education, training, and outreach of fair housing rights and remedies in Arlington. The City of Arlington ordinance is not considered substantially equivalent to the Federal Fair Housing Act because it does not provide substantially equivalent local enforcement, judicial or city review, and adjudication or penalties for those who violate the City of Arlington Fair Housing Ordinance. A federal “substantially equivalent” fair housing ordinance is required to qualify for federal funding to support local fair housing enforcement, outreach, and education. The City of Arlington will research and consider updates to the current ordinance to make it substantially equivalent to the Federal Fair Housing Act.

This AI also reviews the private sector and industry support for fair housing law through the compliance of advertisements for the sale or rental of housing, home improvements, or remodeling opportunities within real estate-related publications available in the greater Arlington area. Some publications made blanket statements at the front of the publication stating that the magazines as well as their advertisers are subject to the Federal Fair Housing Act. Some advertisers included FHEO statements and/or logos within individual ads. Including these statements and logos can be a means of educating the home-seeking public that the purchase of property and financing for housing is available to all

persons.

The AI conducts a full review and analysis of the City of Arlington Consolidated Plan, Annual Action Plans, Consolidated Annual Performance Evaluation Report, and other documentation submitted by the City of Arlington to HUD. The AI also conducts a review and analysis of the Arlington Housing Authority Five-Year Plan, One Year Annual Action Plans, and other submitted documentation. The City of Arlington Unified Development Code (zoning ordinance) and public policies were examined to reveal any impediments to fair housing. No concerns were noted. There were no impediments identified in the review of the City of Arlington programs, policies, and procedures.

**Remedial Actions for Identified Impediments** - The recommended remedial actions and goals are centered on creating partnerships, identifying new federal resources and leveraging private funding to enhance the ability of the City and the Arlington Housing Authority to increase the supply of affordable housing and to better meet the needs of low-income and moderate-income households. Other remedial actions are recommended as a means of reversing the market conditions and mortgage lending practices that adversely and disproportionately impact minorities and members of the Protected Classes. These include sub-prime lending, credit and collateral deficiencies impacting loan origination rates, poverty, unemployment, living wages and limited income.

Recommended remedial actions and goals were identified and prioritized with input from the public. The details of the identified goals and remedial actions are presented in Section VI. Best practice examples are included to demonstrate alternative ways other jurisdictions have successfully responded to similar impediments in their communities. Although the recommendations and best practices included in this report have been successful in other communities, the City of Arlington will need to evaluate the fiscal impact of implementing these recommendations for addressing impediments in Arlington, and in some cases, customize them for success in Arlington.

## II. Community Profile

### Introduction

The Community Profile is a review of demographic, income, employment, and housing data of Arlington, Texas gathered from the 2010 Census estimates, 2014-2018 American Community Survey (ACS) 5-Year estimates, 2018 ACS 1-Year estimate, 2010 U.S. Census, City of Arlington data, and other sources. The following sections provide data and analysis of the Arlington community:

- Demographics - details the basic structure of the community in terms of racial diversity, population growth, households, and family structure.
- Income - analyzes income sources, the distribution of income across income class and poverty.
- Employment - examines unemployment rates, occupation trends, and major employers.
- Public Transportation - analyzes access and availability of public transit systems.
- Housing - examines data on housing stock, with particular attention to the age of housing, condition, vacancy rates, tenure, cost, and cost burdens.

Detailed analyses concentrate on the three major ethnic groups in Arlington: White, African American, and Hispanic. All other ethnic groups are smaller in number and percentage and, therefore, are not presented at the same level of detail within this report. Community profiles include tables and maps as reference materials. Most of the data presented in the tables and maps are also detailed in the text with summaries of the analysis. There may be some cases where additional information was included for the reader's benefit, though not explicitly noted in the text.

### 2.1. Demographics

The demographic analysis of Arlington concentrates on the magnitude and composition of the population and changes that occurred between 2010 and 2018.

Map 2.1 provides a visual representation of Arlington municipal boundaries.

**Map 2.1: Arlington, TX**



Map 2.1 Source: ESRI, USA Minor Highways

According to the 2018 Census estimates, the total population of Arlington was 392,462. Table 2.1 shows that the total population of Arlington significantly increased between 2010 and 2018. Arlington experienced an increase in the African American population, increasing 30.2 percent between 2010 and 2018. The percentage of African American population, when compared to the total population, was 22 percent in 2018. The White population decreased by less than 7 percent, and the percentage of the White population to the total Arlington population in 2018 was 39 percent. The Hispanic population increased 20 percent between 2010 and 2018 and accounted for 29 percent of the total population. The Census Bureau does not recognize Hispanic

**Table 2.1**  
Total population by race and ethnicity for Arlington, 2010 and 2018

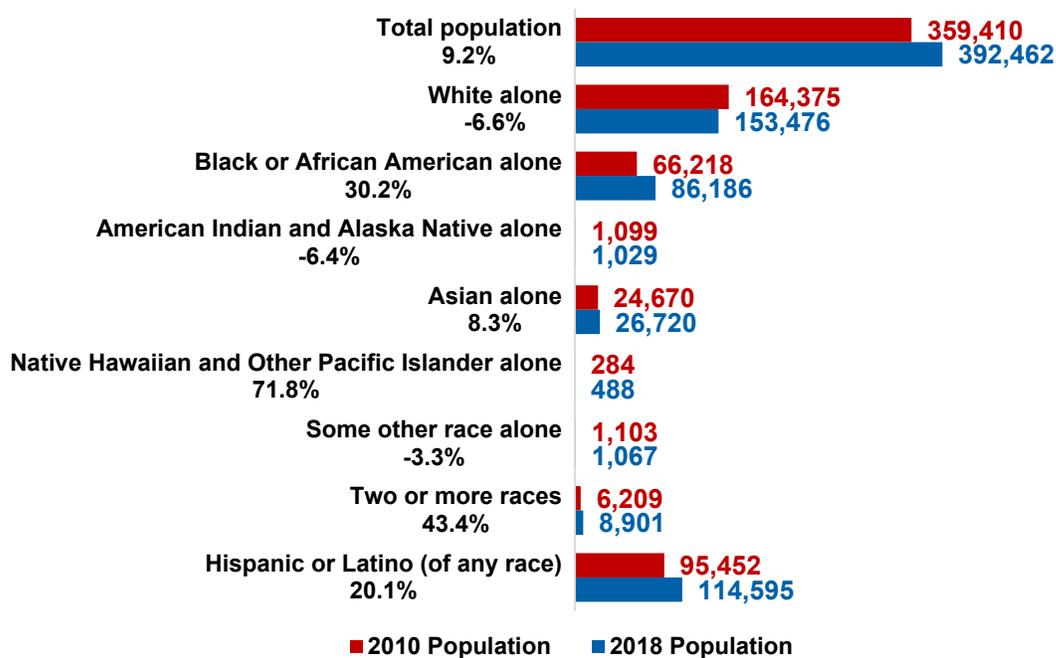
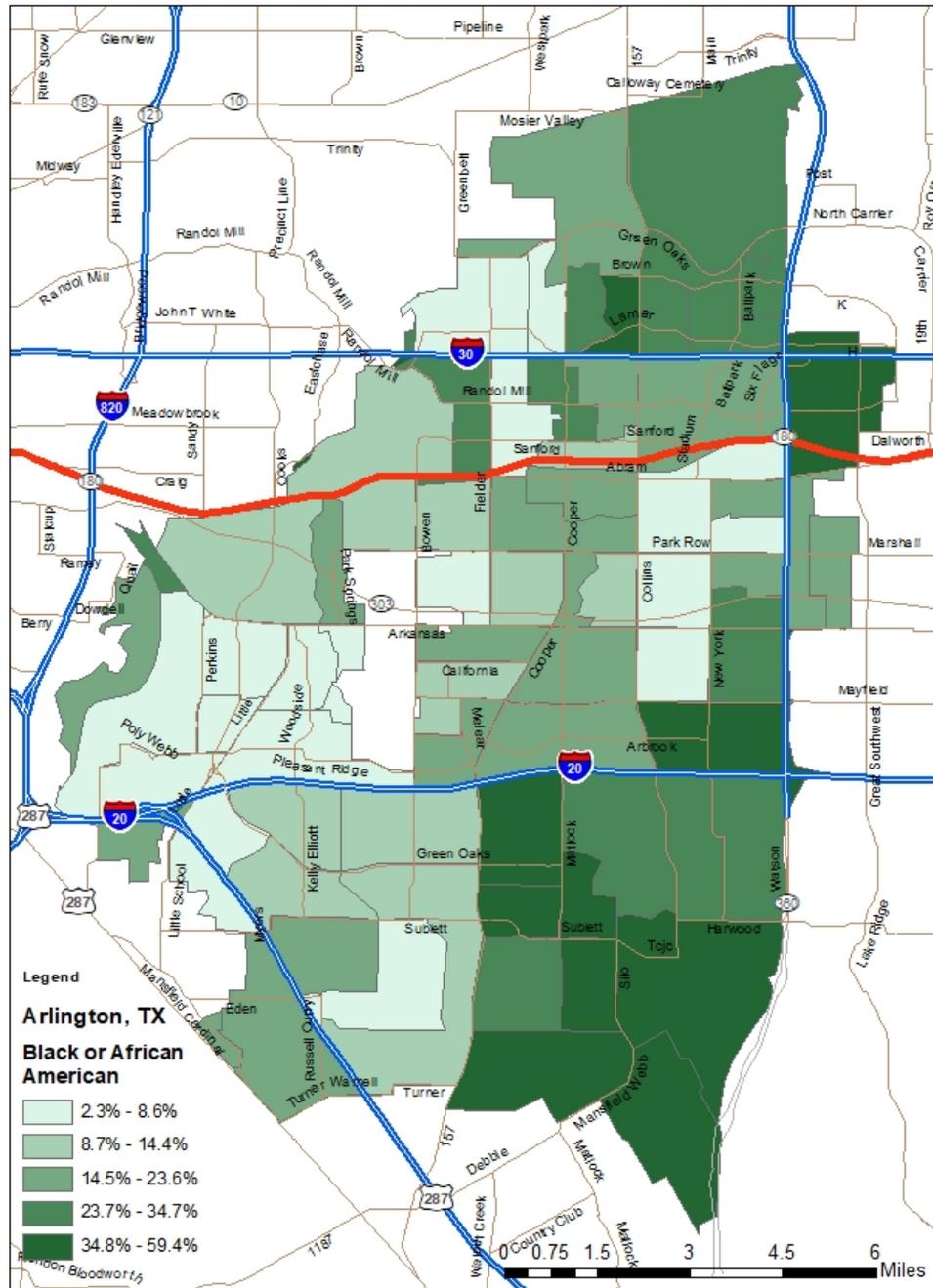


Table 2.1 Source: 2010 - 2018 American Community Survey (ACS) – U.S. Census

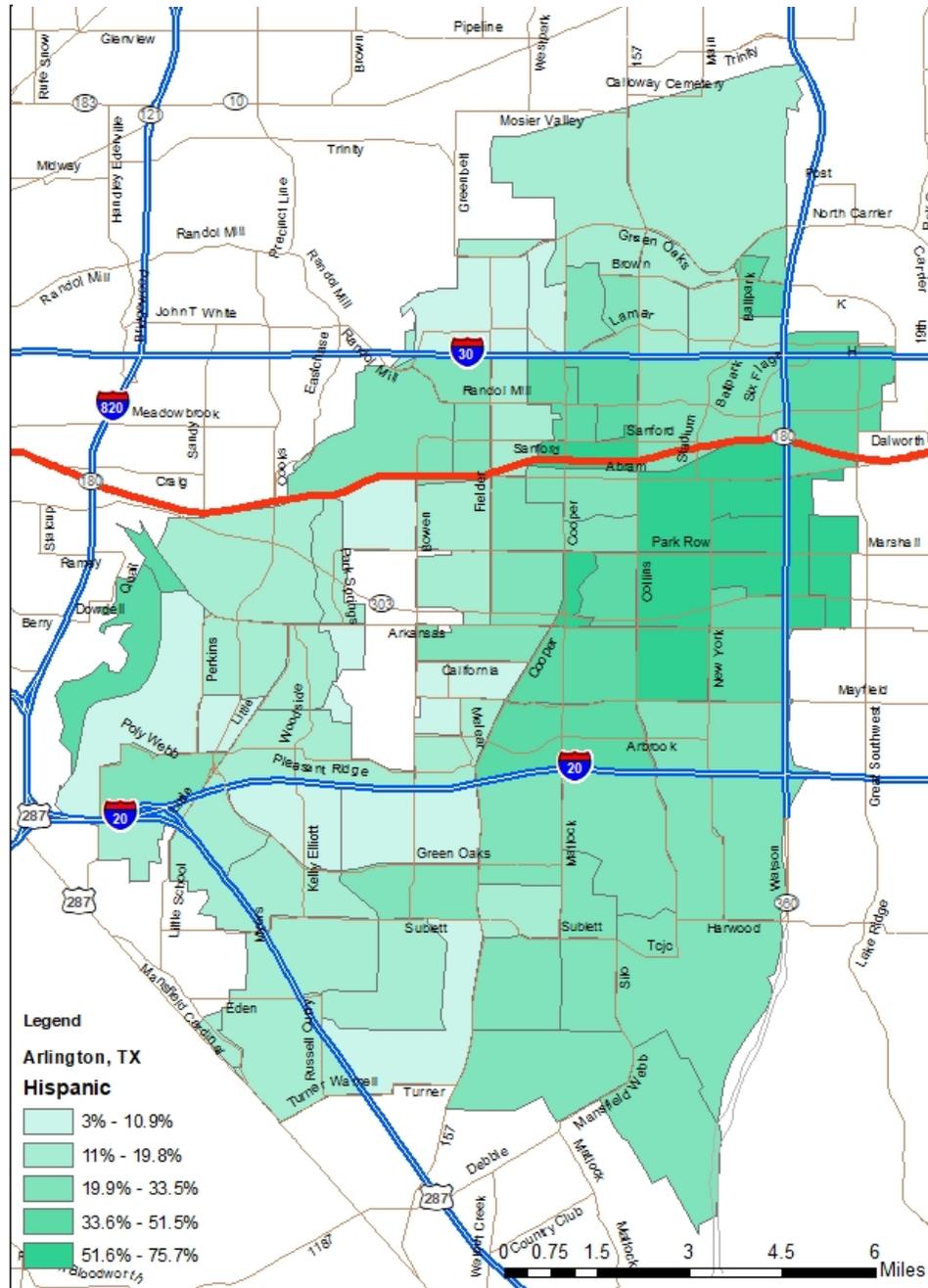
as a race, but rather as an ethnicity. It is a common misidentification for ethnic Hispanics to choose the 'other' category on the Census for a race rather than White or African American. The Asian population increased by 8 percent between 2010 and 2018 and accounted for 7 percent, respectively, of the total population of Arlington in 2018. Maps 2.2 through 2.5 illustrate spatial concentrations of the various racial and ethnic groups within Arlington.

**Map 2.2: Percent Black or African American**



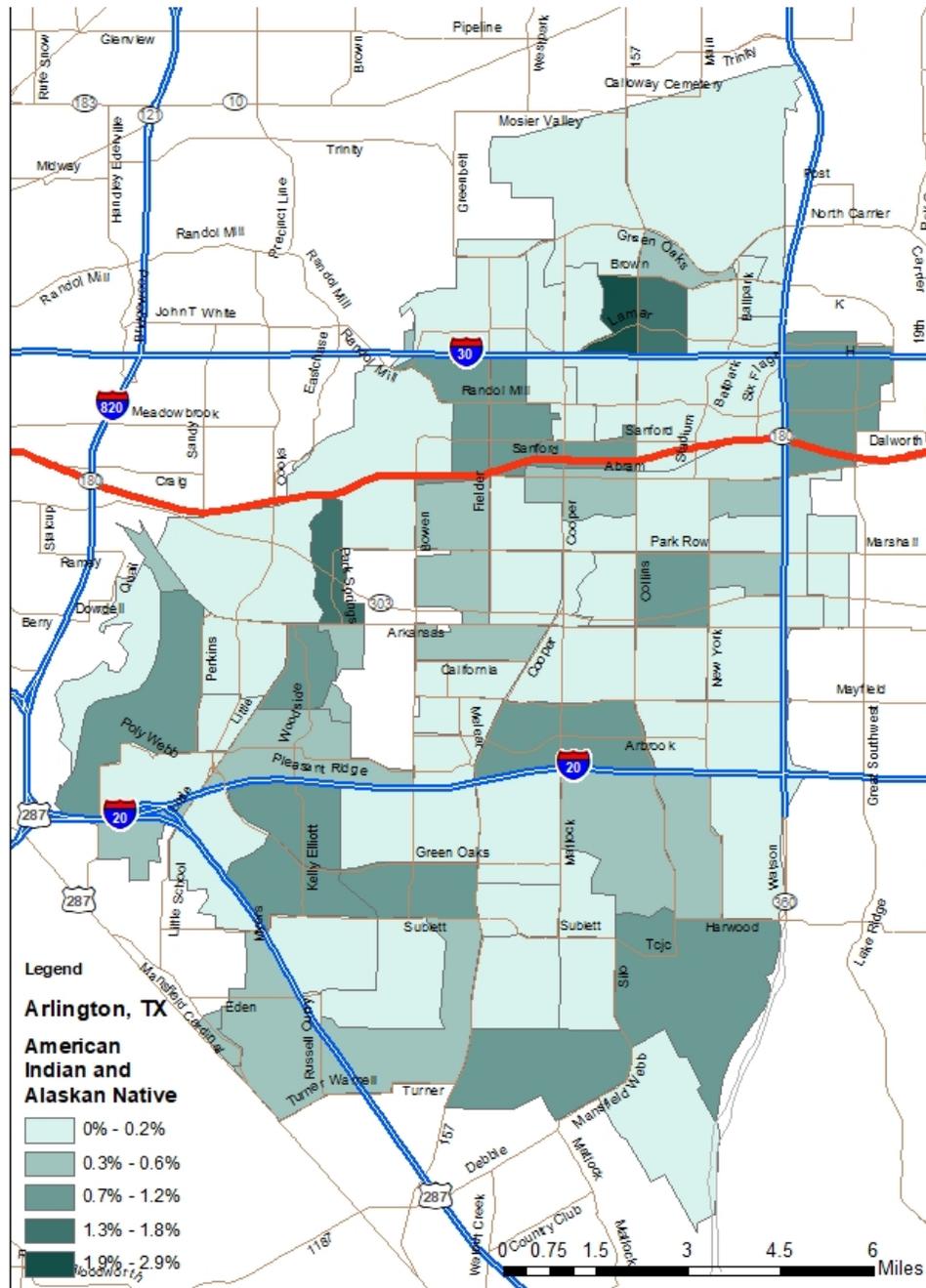
Map 2.2 Source: 2014-2018 American Community Survey (ACS) – U.S. Census

**Map 2.3: Percent Hispanic**



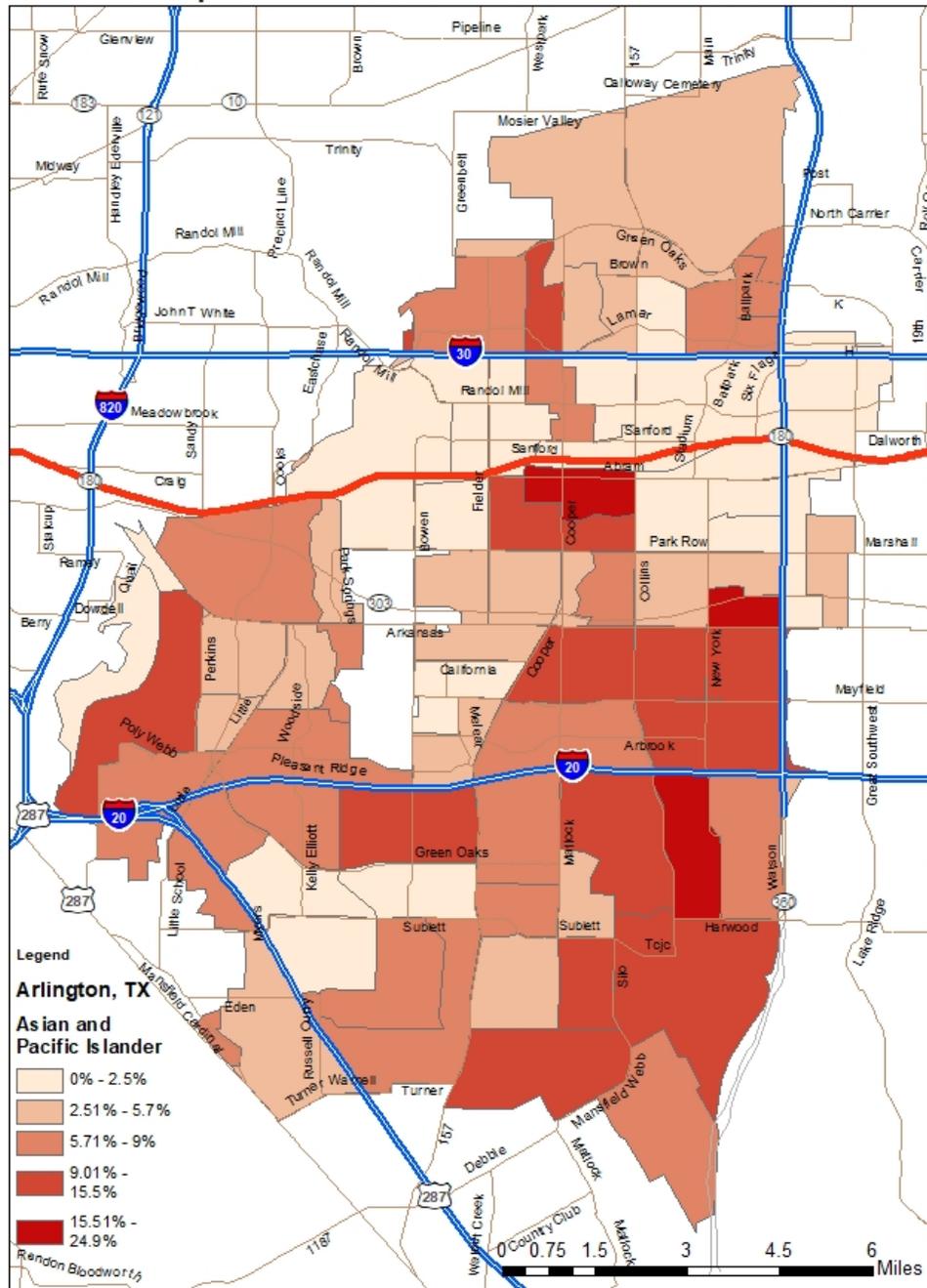
Map 2.3 Source: 2014-2018 American Community Survey (ACS) – U.S. Census

**Map 2.4: Percent American Indian and Alaskan Native**



Map 2.4 Source: 2014-2018 American Community Survey (ACS) – U.S. Census

**Map 2.5: Percent Asian and Pacific Islander**



Map 2.5 Source: 2014-2018 American Community Survey (ACS) – U.S. Census

The population of Arlington significantly increased between 2010 and 2018 and the City has remained racially and ethnically diverse. There are areas of the city, however, where there are concentrations of minority populations and poverty.

The percentage of African Americans and Hispanics increased from 45 percent in 2010 to 51.1 percent in 2018.

**Female-headed households** - In Arlington, like many other communities, female-headed households and female-headed households with children face potential housing discrimination. Higher percentages of female-headed households with children under the age of 18 sometimes correlate to increased incidents of reports of rental property owners' refusal to rent to tenants with children. The disparate impact on minority populations are evident when comparing this demographic in the context of the three primary ethnicities of White, Black, or African American, and Hispanic in Arlington. As shown in Table 2.2 the percentage of female-headed households among White households in Arlington was 9 percent, compared to 27 percent among African American households, and 18 percent among Hispanic households. Only 31 percent of African American households were husband/wife family households, compared to 52 percent of White households and 50 percent of Hispanic households. The absence of two wage earners in a family can significantly impact housing choice and housing affordability.

Non-family households as a percentage of total households for all three of the major races/ethnicities were comparable, with Hispanic households lowest of the three. White non-family households made up 34 percent of all White households in Arlington. Non-Family households among African Americans accounted for 35 percent of all African American households. Hispanic non-family households accounted for 23 percent of all Hispanic households. Table 2.2 shows the family structure of White, African American, and Hispanic households in 2018.

**Table 2.2**  
Household Structure by Race for Arlington, 2014-2018 (5-Year Average)

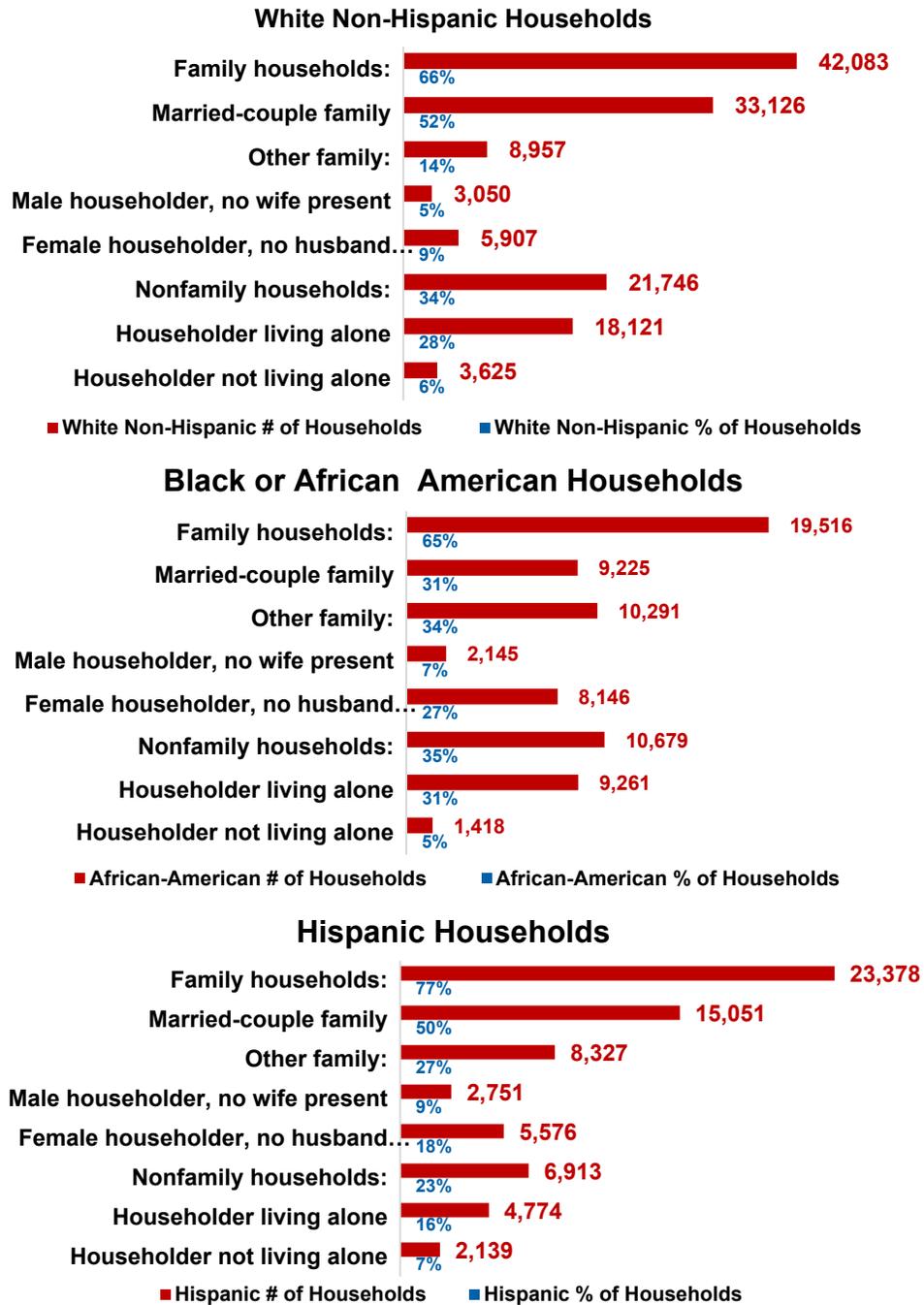
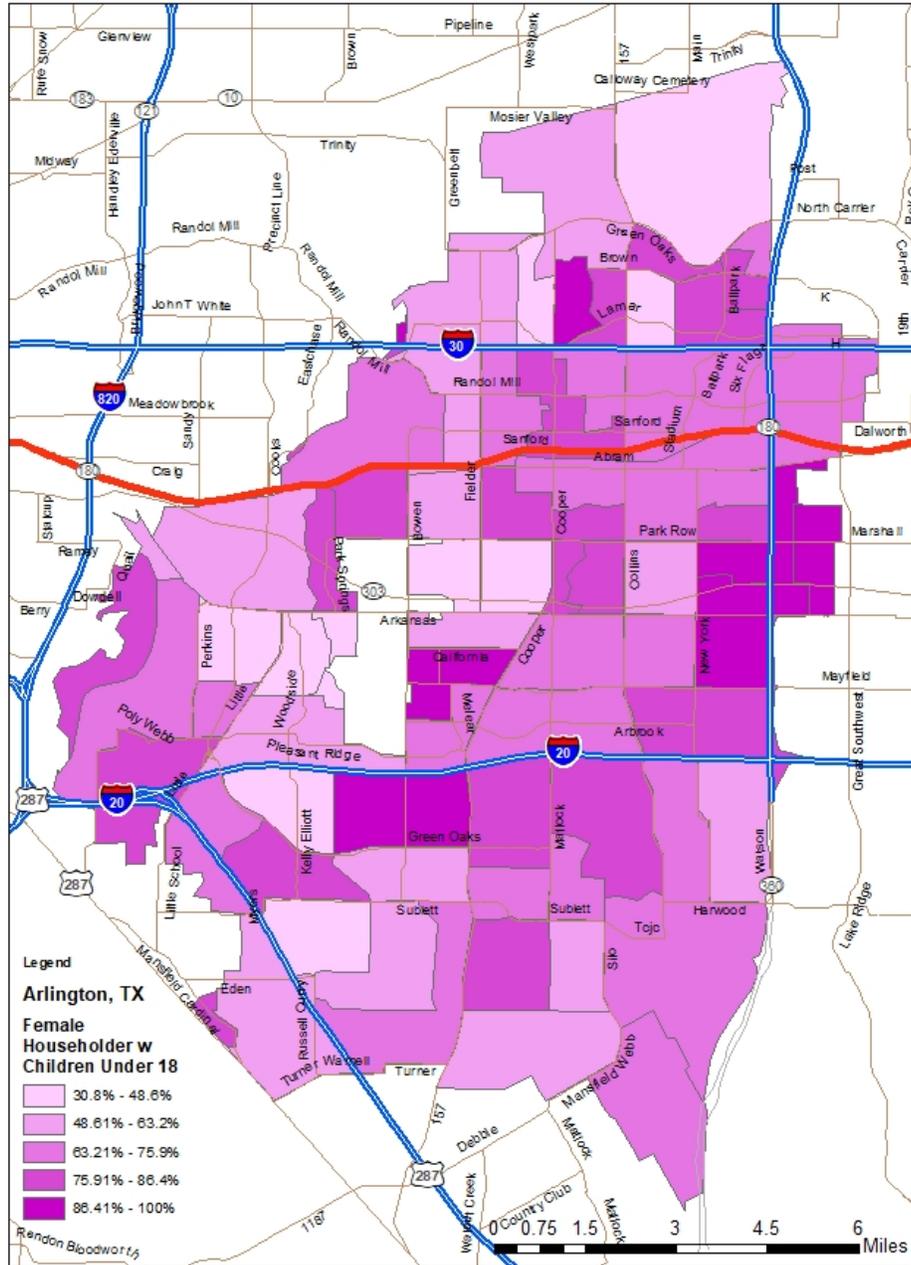


Table 2.2 Source: 2014-2018 American Community Survey (ACS) – U.S. Census

The spatial distribution of female-headed households with children is shown in Map 2.6.

**Map 2.6: Percent Female Householder with Children Under 18**



Map 2.6 Source: 2014-2018 American Community Survey (ACS) – U.S. Census

## **2.2. Income**

Low-income households are statistically more likely to be housed in less desirable housing stock and less desirable areas of Arlington. Income plays an essential part in securing and maintaining housing. Lack of income for housing often prevents LMI households from moving to areas where local amenities raise the value of the housing.

The data in Table 2.3 show the distribution of income by income classes among Whites, African Americans, and Hispanics. Overall, the income distribution data show a higher proportion of low-income households within the African American and Hispanic communities. In general, limitations on fair housing choices are more commonly found to affect housing decisions among low- and moderate-income persons, and minorities.

The data in Table 2.3 shows that the modal income classes (the income classes with the highest number of households) for the White population was the \$60,000 to \$124,999 income class, with 36 percent of White households in this income range. The most frequently reported income for African American households was the \$50,000 to \$99,999 range, with 32 percent of African Americans in this range. The most frequently reported income for Hispanic households in the 2018 ACS data was the \$50,000 to \$99,999 range, with 33 percent of Hispanics in this range.

According to the 2018 ACS estimates, the median household income was reported to be \$71,537 for White households, \$50,250 for African American households, and \$58,502 for Hispanic households, compared to \$58,502 for Arlington overall. Map 2.7 shows the median household income by census tract in 2018. There were disparities in income among African Americans and Hispanics compared to the reported citywide household income. Additionally, Table 2.3 identifies the number of households earning less than the income needed to afford Arlington's market-rate rent of \$1,046.00.

**Table 2.3**  
Households by race by income for Arlington, 2014-2018 (5-Year Average)

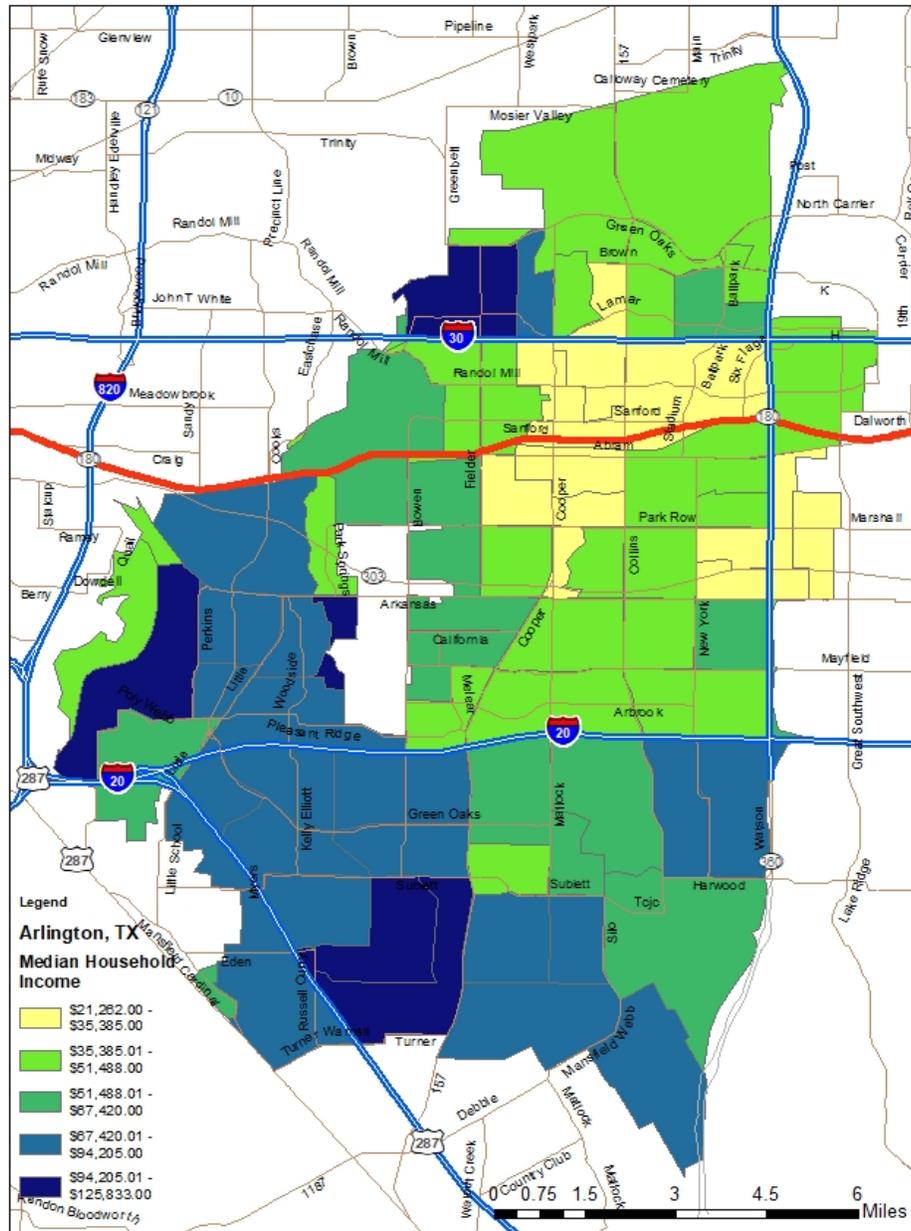
Household Type	White Non-Hispanic		African-American		Hispanic		Arlington Total	
	# of Households	% of Households	# of Households	% of Households	# of Households	% of Households	# of Households	% of Households
Less than \$10,000	2,705	4%	2,105	7%	1,250	4%	7,091	5%
\$10,000 to \$14,999	2,108	3%	1,697	5%	1,287	4%	5,509	4%
\$15,000 to \$19,999	2,219	3%	1,511	5%	2,090	7%	6,299	5%
\$20,000 to \$24,999	2,352	4%	1,532	5%	1,748	6%	6,016	4%
\$25,000 to \$29,999	2,208	3%	1,691	5%	1,864	6%	6,234	5%
\$30,000 to \$34,999	2,731	4%	1,595	5%	2,394	8%	7,214	5%
\$35,000 to \$39,999	2,222	3%	1,711	5%	1,558	5%	5,955	4%
\$40,000 to \$44,999	2,571	4%	1,873	6%	2,022	7%	7,053	5%
<b>TOTAL HOUSEHOLDS EARNING LESS THAN INCOME NEEDED TO AFFORD THE AVERAGE MARKET RENT OF \$1,046</b>	<b>19,116</b>	<b>30%</b>	<b>13,715</b>	<b>44%</b>	<b>14,213</b>	<b>47%</b>	<b>51,371</b>	<b>38%</b>
\$45,000 to \$49,999	2,004	3%	1,300	4%	1,600	5%	5,400	4%
\$50,000 to \$59,999	5,143	8%	2,989	10%	3,159	10%	12,185	9%
\$60,000 to \$74,999	7,291	11%	3,500	11%	3,384	11%	15,180	11%
\$75,000 to \$99,999	9,100	14%	3,599	12%	3,441	11%	17,232	13%
\$100,000 to \$124,999	6,594	10%	2,199	7%	2,283	8%	11,904	9%
\$125,000 to \$149,999	5,257	8%	1,120	4%	861	3%	7,876	6%
\$150,000 to \$199,999	5,343	8%	1,051	3%	777	3%	7,831	6%
\$200,000 or more	3,981	6%	722	2%	573	2%	6,005	4%
<b>Median Household Income</b>	<b>\$71,537</b>		<b>\$50,250</b>		<b>\$48,075</b>		<b>\$58,502</b>	

Table 2.3 Source: 2014-2018 American Community Survey (ACS) – U.S. Census

Household income levels among African Americans and Hispanics were disproportionately lower than White households and citywide income levels.

The modal income class for White households was \$60,000 to \$124,999 compared to \$50,000 to \$99,999 for African American and Hispanic households.

**Map 2.7: Median Household Income**



Map 2.7 Source: 2014- 2018 American Community Survey (ACS) – U.S. Census

The poverty data in Table 2.4 shows significant effects on the African American and Hispanic communities. The incidence of poverty among African Americans was 19.4 percent of the population in 2018, and Hispanics were reported to have a poverty rate 21.1 percent for that same period. Among White persons, the data reported that 9.5 percent lived in poverty. In comparison, the poverty rate for the Dallas-Fort Worth-Arlington Metropolitan Statistical Area (MSA) was 12.6 percent during the period.

**Table 2.4**

Poverty Status by Race Arlington, 2014-2018 (5-Year Average)

Age Group	White Non-Hispanic		African-American		Hispanic	
	# in Poverty	% in Poverty	# in Poverty	% in Poverty	# in Poverty	% in Poverty
Under 6 years	1,061	0.7%	2,475	2.9%	4,241	3.7%
6 to 11 years	1,130	0.7%	2,803	3.2%	4,434	3.9%
12 to 17 years	1,048	0.7%	2,058	2.4%	3,147	2.8%
18 to 59 years	8,653	5.7%	8,622	9.9%	11,029	9.7%
60 to 74 years	1,593	1.1%	651	0.8%	1,041	0.9%
75 to 84 years	579	0.4%	117	0.1%	65	0.1%
85 years and over	245	0.2%	65	0.1%	34	0.0%
Total in Poverty	14,309	9.5%	16,791	19.4%	23,991	21.1%
Population	151,244		86,729		113,641	
<b>MSA Poverty %</b>			<b>12.6%</b>			

Table 2.4 Source: 2014-2018 American Community Survey (ACS) – U.S. Census

Higher percentages of the African American and Hispanic populations lived in poverty compared to the White population.

The poverty rate among the African American population was 19.4 percent and 21.1 percent for the Hispanic population, compared to 9.5 percent for the White population in 2018.

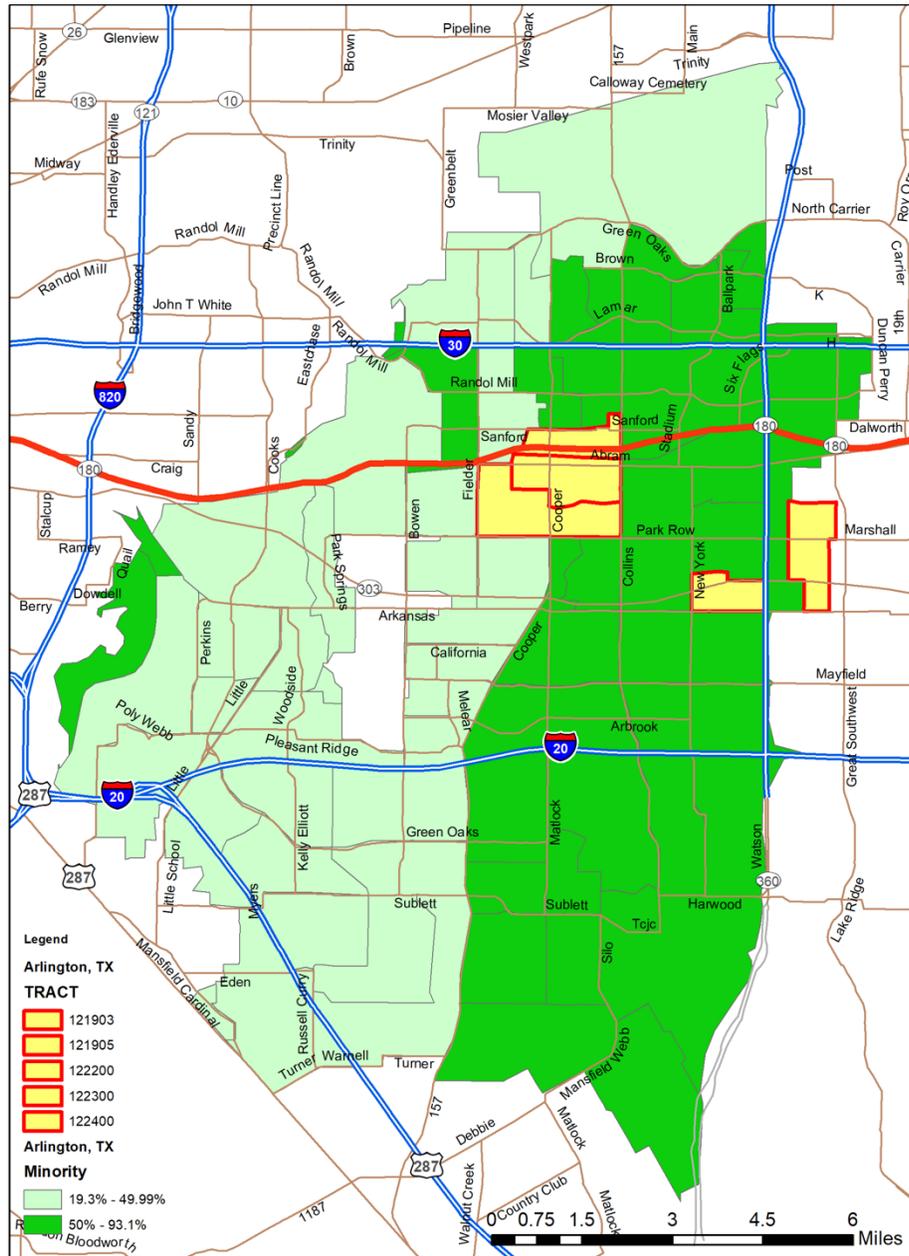
## **Areas of Concentrated Poverty and Racial / Ethnic Concentration and Segregation (RCAP/ECAP)**

The U.S. Department of HUD has defined “Areas of Poverty, Racial and Ethnic Concentration and Segregation (R/ECAP) – as areas or census tracts within a jurisdiction comprised of 50% or higher minority population, three times or more the poverty level of the MSA, concentrated public and assisted housing, and areas generally lacking the necessary amenities and failing to provide a quality of life expected and desired for any area within the MSA. In areas where any of these conditions are occurring, it is the goal to “de-concentrate” these R/ECAP areas and reduce the occurrence and transform them into “Opportunity Areas”. Opportunity Areas are defined as areas offering access to quality goods and services, exemplary schools, health care, range of housing, transportation to employment and service centers, adequate public infrastructure, utilities, and recreation.

The R/ECAP threshold is calculated as three times the MSA poverty rate for any jurisdiction. The Dallas-Fort Worth-Arlington MSA poverty rate was 12.6 percent, making 37.8 percent the poverty threshold for the RCAP/ECAP determination for the City of Arlington. The census tracts within the City of Arlington that are comprised of 50 percent or higher minority population and 37.8 percent and greater poverty rate are located in the central part of Arlington within census tracts 122200, 122300, 122400, 121905 and 121903. Map 2.8 identifies the R/ECAP census tracts of concentrated segregation as defined by the HUD R/ECAP Calculation for Arlington.

In addition to poverty, racial and ethnic concentrations, and segregation, these census tracts contain concentrations of housing units in deplorable condition, neighborhood conditions that need improvement, and infrastructure that needs improvement in order to reverse conditions and become areas of opportunity.

**Map 2.8: Percent Areas of Concentrated Poverty and Racial / Ethnic Concentration and Segregation (RCAP/ECAP)**



Map 2.8 Source: American Community Survey (ACS) 5-year average, 2014-2018; Decennial Census (2010); Brown Longitudinal Tract Database (LTDB) based on decennial census data, 1990, 2000 & 2010.

### 2.3. Employment

Employment opportunities in the area and educational levels of employees in the workforce significantly impact a resident’s housing choices based on affordability and location. Limited educational attainment and job skills have severe impacts on a wage earner’s ability to qualify for jobs that pay living wages to be able to afford the growing cost of suitable and affordable housing. Table 2.5 provides occupation data indicating that there has been some shift in the distribution of occupations between 2010 and 2018. “Arts, entertainment, and recreation, and accommodation and food services” industry had the most significant increase during the period, increasing 46 percent. “Construction” had an increase of 34 percent. “Retail Trade” had an increase of 32 percent. “Educational services, and health care and social assistance” had an

**Table 2.5**

Occupation of employed persons for Arlington, 2010 and 2018

Industry	2010	2018	% Change
Agriculture, forestry, fishing and hunting, and mining	1,153	1,394	21%
Construction	13,763	18,374	34%
Manufacturing	21,901	19,945	-9%
Wholesale trade	6,770	7,376	9%
Retail trade	21,762	28,798	32%
Transportation and warehousing, and utilities	13,474	14,510	8%
Information	4,795	3,038	-37%
Finance and insurance, and real estate and rental and leasing	15,216	16,576	9%
Professional, scientific, and management, and administrative and waste management services	19,011	20,821	10%
Educational services, and health care and social assistance	32,826	42,084	28%
Arts, entertainment, and recreation, and accommodation and food services	16,099	23,513	46%
Other services, except public administration	8,905	9,977	12%
Public administration	5,534	5,292	-4%

Table 2.5 Source: 2018 American Community Survey (ACS) – U.S. Census

increase of 28 percentage points. The “Information” sector realized the most significant reduction, decreasing by 37 percentage points. While the occupation growth in the industries categorized in Table 2.5 is trending upward, many of these occupation groups fail to pay wages that keep pace with the cost of housing in the market place. An increasing number of wage earners are cost-burdened or restricted to housing choices in less desirable areas of Arlington.

The data presented in Table 2.6 provide a portrait of the unemployment distribution in Arlington. An analysis of this data indicates that higher levels of unemployment are most prevalent in the African American community. In 2018, 4.2 percent of White persons age 16 and over reported being unemployed. African Americans persons in the same age group reported a 7 percent unemployment rate, and Hispanic persons reported a 5.0 percent rate. As a comparison, the citywide unemployment rate was 3.4 percent during the period.

**Table 2.6**

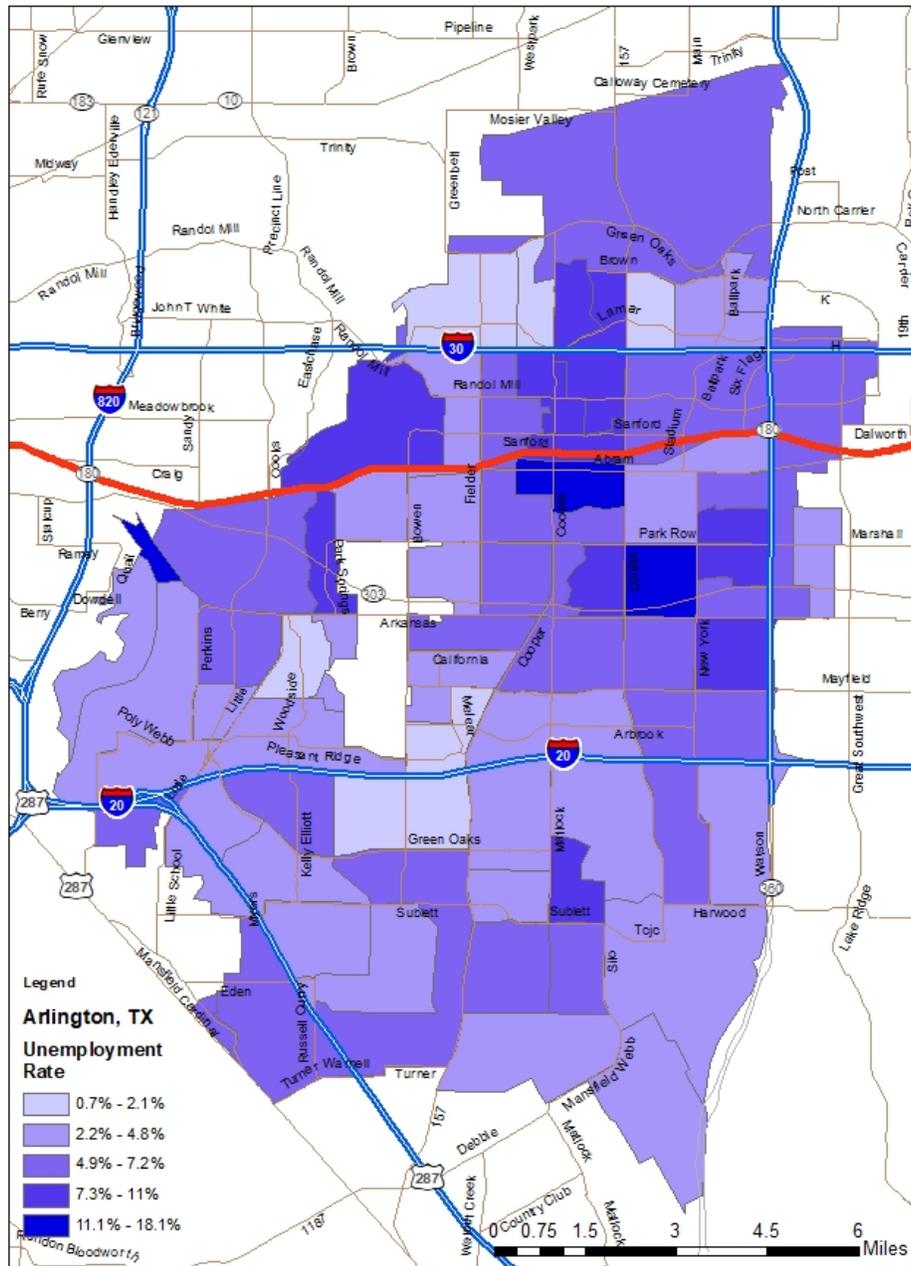
Employment Status by race for Arlington, 2014-2018 (5-Year Average)

Employment Status	White Non-Hispanic		African-American		Hispanic	
	#	%	#	%	#	%
In Labor Force:	84,790	65.0%	48,116	74.7%	56,854	72.0%
In Armed Forces	177	0.2%	30	0.1%	27	0.0%
Civilian	78,557	92.6%	47,248	98.2%	56,028	98.5%
Employed	81,295	95.9%	44,780	94.8%	54,030	96.4%
<b>Unemployed</b>	<b>3,318</b>	<b>4.2%</b>	<b>3,306</b>	<b>7.0%</b>	<b>2,797</b>	<b>5.0%</b>
Not in Labor Force	45,606	35.0%	16,263	25.3%	22,131	28.0%
Total	130,396	100%	64,379	100%	78,985	100%

Table 2.6 Source: 2014-2018 American Community Survey (ACS) – U.S. Census

African Americans aged 16 years or older had a higher unemployment rate at 7 percent compared to unemployment rates citywide and compared to the White and Hispanic populations 16 years or older, with 4.2 percent and 5.0 percent, respectively.

**Map 2.9: Unemployment Rate**



Map 2.9 Source: 2014-2018 American Community Survey (ACS) – U.S. Census

According to data provided by the City of Arlington Economic Development division, the major employers in Arlington include Arlington ISD with 8,200 employees, the University Texas at Arlington with 5,300 employees, General Motors with 4,500 employees, and Texas Health Resources with 4,000 employees.

In Arlington, the difference in income and unemployment rate between White, African American, and Hispanic populations do not appear to be attributable to limitations in educational attainment. According to the 2018 ACS estimates, 3 percent of African Americans age 25 and above reported less than a high school education compared to 5.8 percent of the White population aged 25 and above and 4.1 percent of the Hispanic population in the same age group, while the citywide high school education attainment rate is 6 percent. Although attainment of a high school education among the African American population is higher than the citywide, White, and Hispanic populations rates, African Americans also had the highest unemployment rate of the three groups.

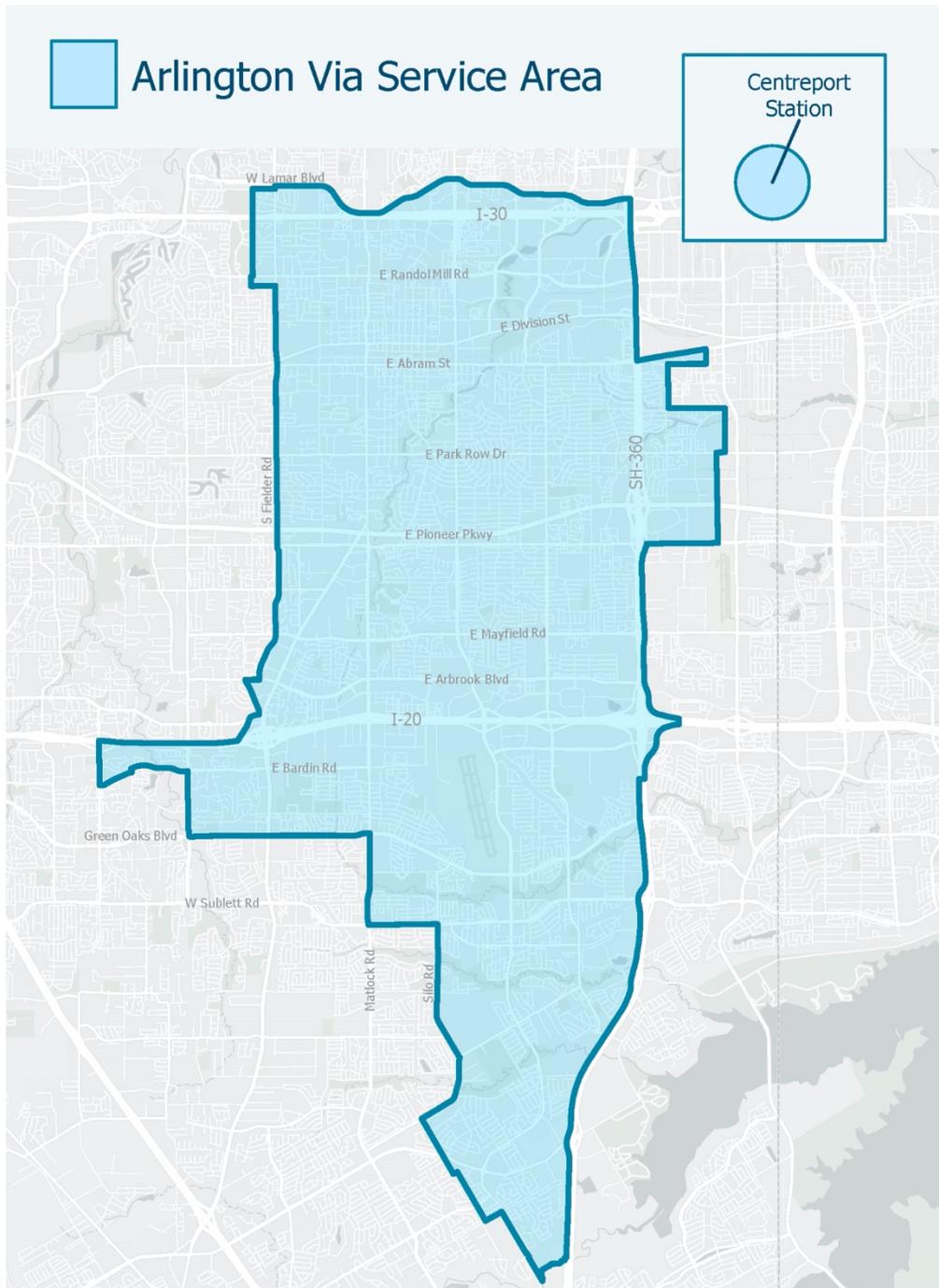
To examine the impact of employment geographic proximity to housing options for low- and moderate-income persons, it is necessary to analyze the use and availability of public transportation. Access to jobs for low-income persons is significantly dependent public transportation and the reliability of that system to get from home to work. If jobs are concentrated in mostly upper-income areas, or in surrounding jurisdictions, the ability for low-income workers to get to and from their job may be difficult or impossible. Therefore, limited transportation options can cause hardships on employees or potential employees.

## **2.4. Public Transportation**

The Arlington Via Rideshare service operates in 41% of the Arlington municipal area, making connections to key employment and education destinations, and the CentrePort TRE station. Riders can book a shared ride using a smartphone application or dial-in phone number for a flat fee of \$3 per ride. The service provides a personalized transportation option that has no fixed schedules, no fixed routes, and an infinite number of on-demand stops.

**The Arlington Via Rideshare services are offered between 6 a.m. and 9 p.m. Monday through Friday and between 9 a.m. and 9 p.m. on Saturday. Via provides riders advance notice on any holiday-related schedule changes. The Via rideshare service area includes a significant portion of Arlington between Lamar Boulevard to the north, SH 360 and the City limits to the east, Arlington city limits to the south and Fielder Road to the west.**

## Map 2.10 Via Rideshare Service Area



Map 2.10 Source: Ride Via, Arlington

## 2.5. Housing

According to the 2018 American Community Survey, the total number of housing units in Arlington was 146,962 with 11,978 or 8% percent vacant units. As shown in Table 2.7, there were 145,194 housing units in Arlington in 2010. The total number of housing units increased marginally between 2010 and 2018. As of 2018, 51 percent of units were owner-occupied, 41 percent were renter-occupied, and the remaining 8 percent were vacant. The median housing value in Arlington was \$188,800, and the median contract rent was \$930 in 2018.

**Table 2.7**  
Tenure for housing in Arlington, 2010,  
and 2018

Tenure	2010		2018	
	Number	Percent	Number	Percent
Owner-occupied	76,431	53%	74,577	51%
Renter-occupied	55,237	38%	60,407	41%
Vacant	13,526	9%	11,978	8%
Total:	145,194	100%	146,962	100%

Table 2.7: Source: 2010-2018 American Community Survey (ACS) – U.S. Census

Table 2.8 shows that as of 2018, 60 percent of all housing units were categorized as single-family detached, 4 percent as single-family attached, 7 percent as containing two to four units, 27 percent classified as multifamily, and 2 percent as a mobile home or other.

**Table 2.8**

Housing type for Arlington, 2014-2018 (5-Year  
Average)

Units in Structure	Number	Percent
Single-Family detached	88,641	60%
Single-Family attached	5,258	4%
2-4 units	10,556	7%
Multifamily	40,294	27%
Mobile home or Other	2,213	2%
Total	146,962	100%

Table 2.8: Source: 2014 - 2018 American Community Survey (ACS) – U.S. Census

**Most of the housing stock in Arlington was single-family housing (64%) in 2018. Of the total housing stock, 51 percent were owner-occupied during that same period.**

A large amount of the housing stock in Arlington was more than 40 years old, and these units may contain lead-based paint or likely need repairs and maintenance.

**Table 2.9**

Age of Housing Stock in Arlington, 2018

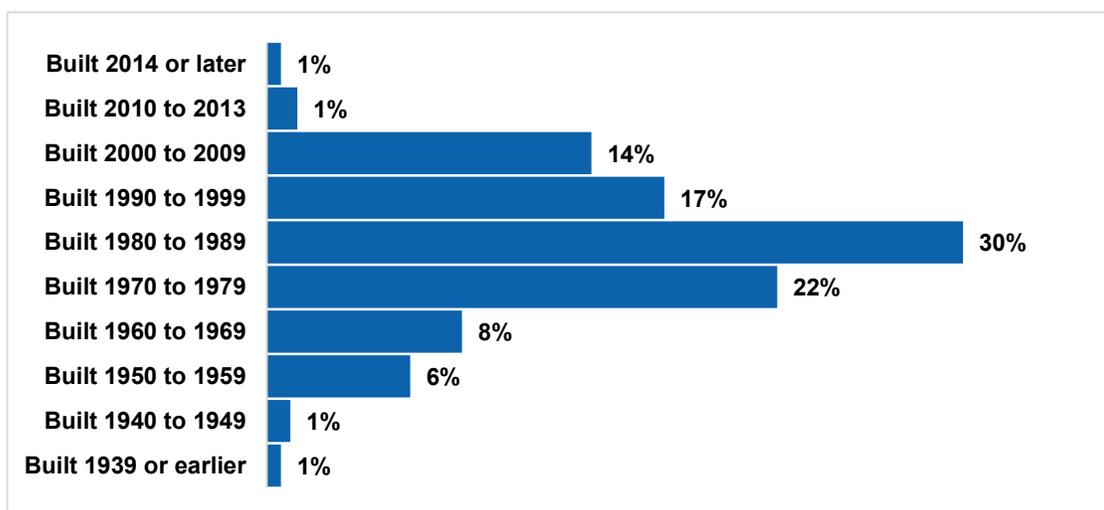


Table 2.9: Source: 2014 - 2018 American Community Survey (ACS) – U.S. Census

As shown on Table 2.9, over 8 percent of all housing units were built prior to 1960, about 8 percent between 1960 and 1969, approximately 22 percent between 1970 and 1979, over 30 percent between 1980 and 1989, and over 33 percent were built after 1989. In all, 38 percent of the housing stock is more than 40 years old, built prior to 1980. These units may contain lead-based paint or likely need repairs and maintenance.

According to the 2014-2018 ACS data shown in Table 2.10, the homeownership rate among the White population was 70 percent, compared to 32 percent among African Americans, and 47 percent among Hispanics.

**Table 2.10**

Tenure by Race in Arlington, 2014-2018 (5-Year Average)

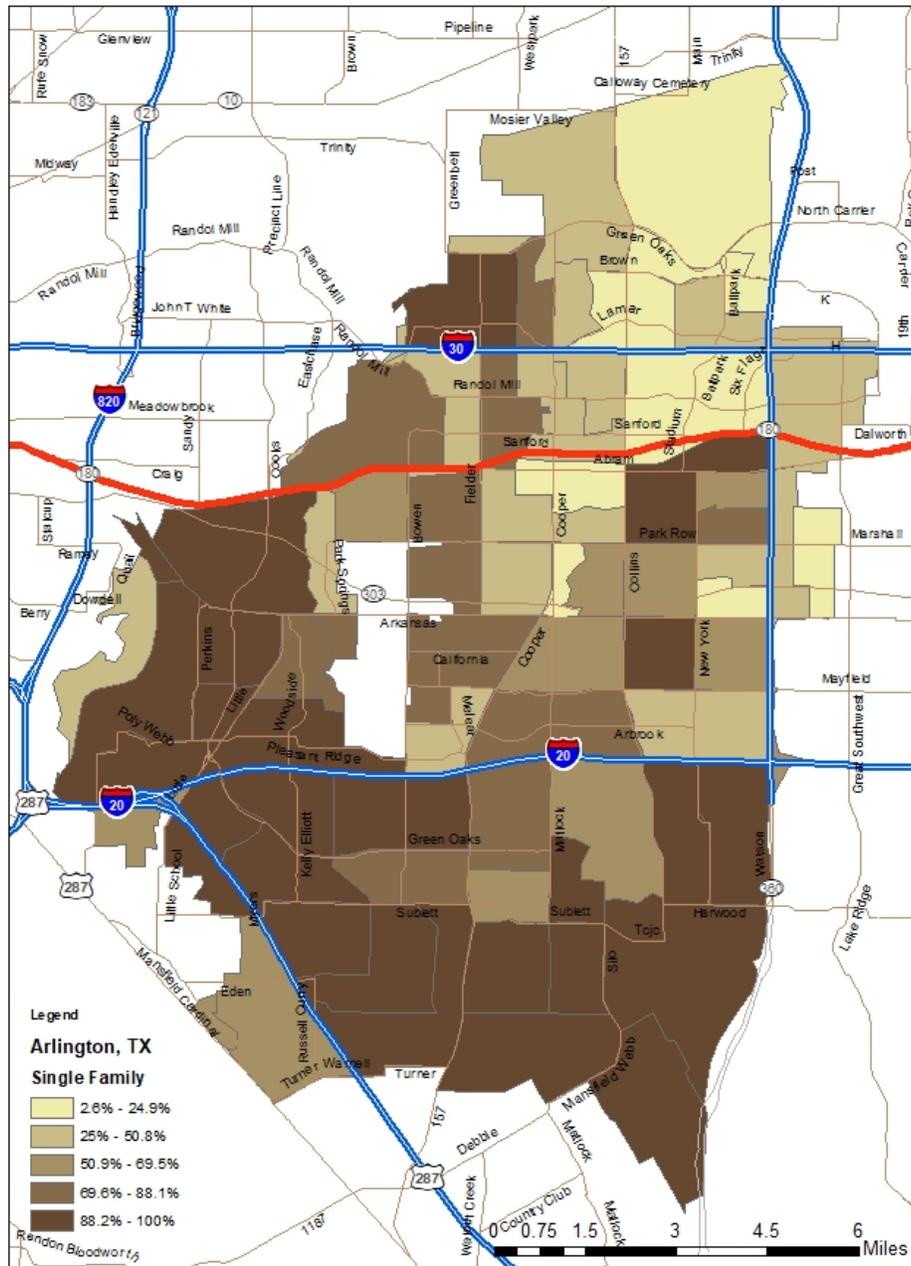
Tenure by Race	Owner-Occupied		Renter-Occupied		Total
	#	%	#	%	
White	47,795	70%	20,834	30%	68,629
African-American	8,659	32%	18,449	68%	27,108
Hispanic	13,347	47%	15,034	53%	28,381

Table 2.10: Source: 2014-2018 American Community Survey (ACS) – U.S. Census

**The homeownership rate among Whites was 70 percent, African Americans were 32 percent, and Hispanics was 47 percent in 2018.**

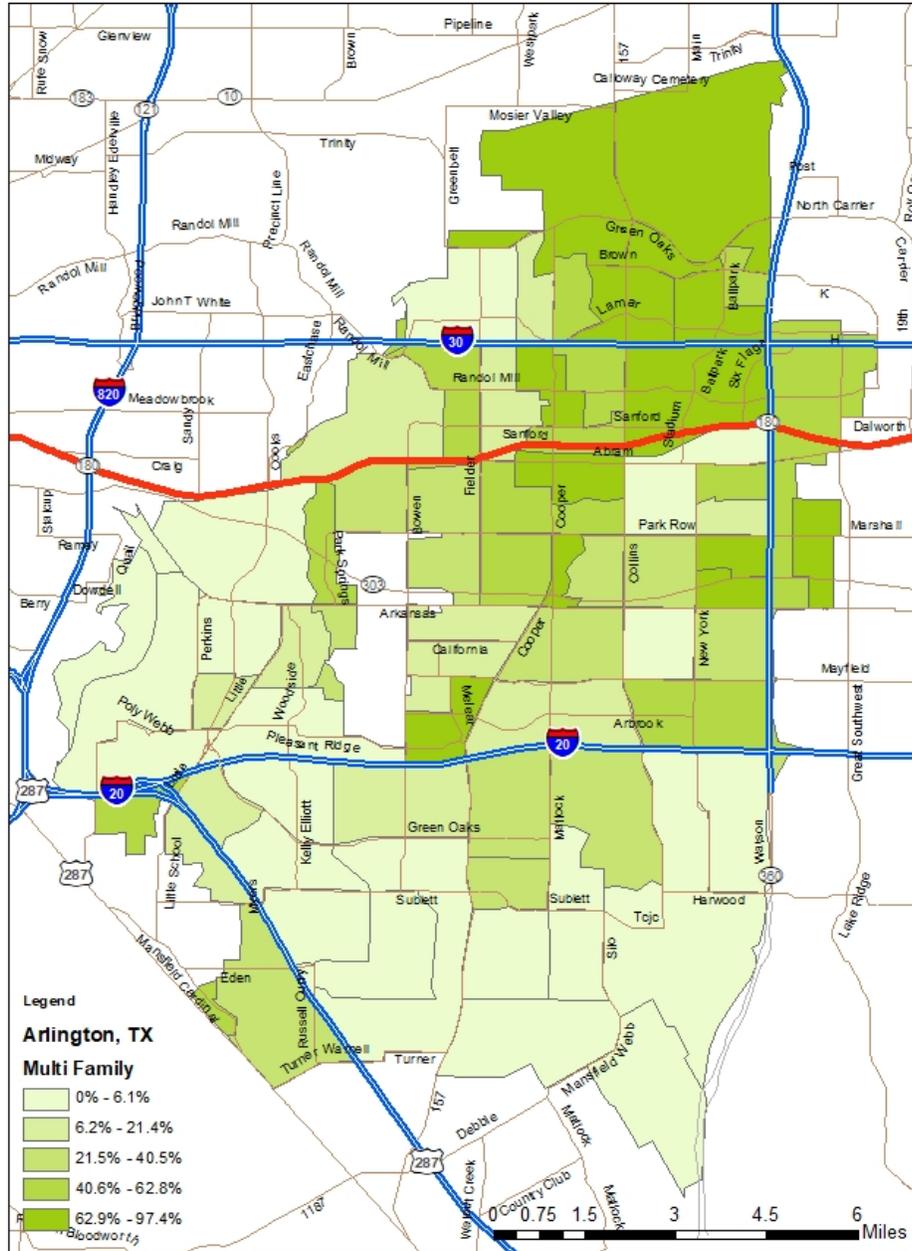
Maps 2.11, and Map 2.12, indicate the distribution of single-family and multifamily housing across the city. Map 2.13 provides a geographic representation of the distribution of the oldest housing stock in the city. Maps 2.14 and 2.15 provide a geographic depiction of the distribution of housing values and rents across the city.

**Map 2.11: Percent Single Family**



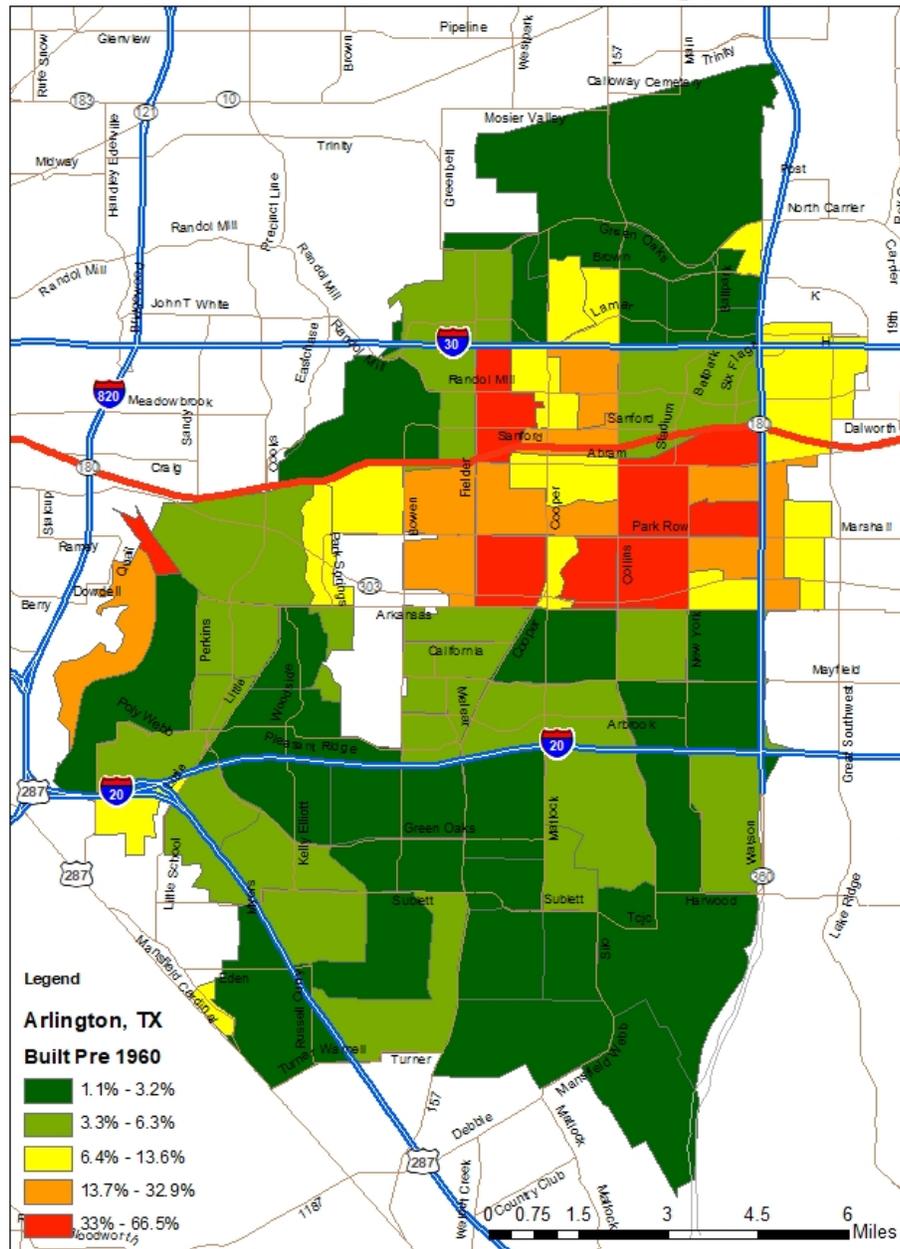
Map 2.11: Source: 2018 American Community Survey (ACS) – U.S. Census

**Map 2.12: Percent Multi-Family Units**



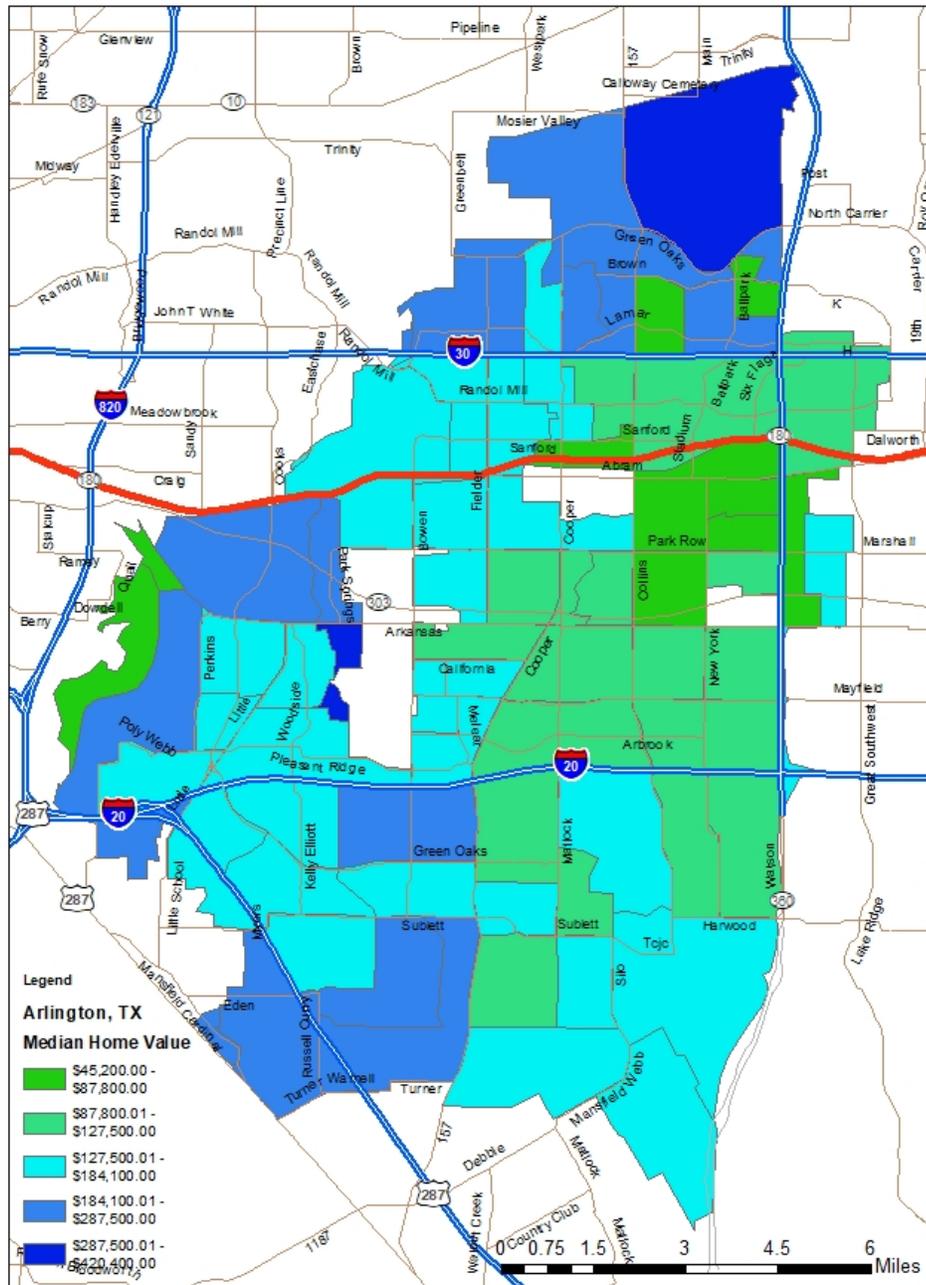
Map 2.12: Source: 2018 American Community Survey (ACS) – U.S. Census

**Map 2.13: Percent Pre-1960 Housing Stock**



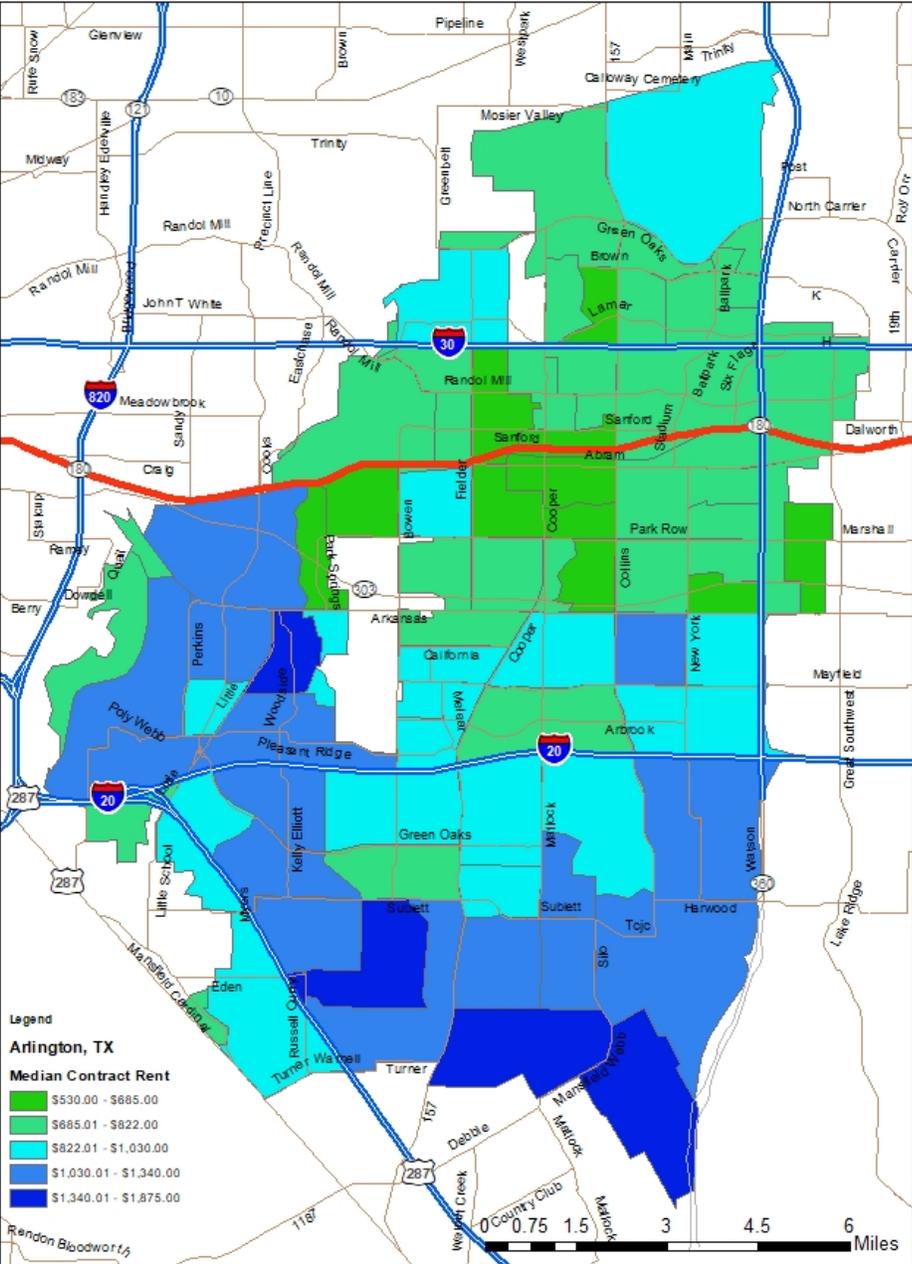
Map 2.13: Source: 2018 American Community Survey (ACS) – U.S. Census

**Map 2.14: Median Household Income**



Map 2.14: Source: 2018 American Community Survey (ACS) – U.S. Census

**Map 2.15: Median Contract Rent**



Map 2.15: Source: 2018 American Community Survey (ACS) – U.S. Census

Data contained in the Comprehensive Housing Affordability Strategy (CHAS), and data compiled from American Community Survey results from 2012 through 2016, duplicated in Table 2.11, indicates that the impact of housing costs on household incomes is significantly cost-burdened for low- and very low-income households in Arlington. The table indicates that 19 percent of all very low-income renters, (those earning between 0 percent and 30 percent of the median family income), and 5 percent of very low-income homeowner households pay more than 50 percent of their income on housing expenses. Further, 17 percent very low-income renters and about 6 percent very low-income homeowners pay between 30 and 50 percent of their incomes on housing expenses. Paying more than 30 percent on housing expenses is considered “Cost Burdened,” and paying more than 50 percent on housing expenses is considered “Severely Cost Burdened.” For households earning between 31 percent and 50 percent of the median family income, 6 percent of low-income renters and 2 percent of low-income homeowners pay more than 50 percent on housing expenses. Additionally, 23 percent of renter households and 6 percent of homeowners are earning less than 30 percent of the median family income in Arlington.

<b>Income by Cost Burden (Renters only)</b>	<b>Cost burden &gt; 30%</b>	<b>%</b>	<b>Cost burden &gt; 50%</b>	<b>%</b>	<b>Total</b>
Household Income <= 30% HAMFI	11,610	19%	10,130	17%	13,935
Household Income >30% to <=50% HAMFI	10,085	17%	3,440	6%	11,670
Household Income >50% to <=80% HAMFI	5,920	10%	545	0.9%	13,950
Household Income >80% to <=100% HAMFI	900	1%	105	0.2%	6,710
Household Income >100% HAMFI	415	1%	65	0.1%	13,750
<b>Total</b>	<b>28,930</b>	<b>48%</b>	<b>14,285</b>	<b>24%</b>	<b>60,015</b>

<b>Income by Cost Burden (Owners Only)</b>	<b>Cost burden &gt; 30%</b>	<b>%</b>	<b>Cost burden &gt; 50%</b>	<b>%</b>	<b>Total</b>
Household Income <= 30% HAMFI	3,460	5%	2,855	4%	4,390
Household Income >30% to <=50% HAMFI	3,700	5%	1,525	2%	5,665
Household Income >50% to <=80% HAMFI	4,650	6%	860	1%	10,650
Household Income >80% to <=100% HAMFI	1,620	2%	95	0.1%	8,095
Household Income >100% HAMFI	1,875	3%	155	0.2%	46,030
<b>Total</b>	<b>15,305</b>	<b>20%</b>	<b>5,490</b>	<b>7%</b>	<b>74,830</b>

Table 2.11 Source: HUD Comprehensive Housing Affordability Strategy (CHAS) Tables, 2012 - 2016

According to the 2014-2018 ACS estimates, shown in Table 2.12, 72 percent of renter households with household incomes less than \$20,000 paid more than 50 percent of their household income towards rent. Approximately 59 percent of renter households earning between \$20,000 to \$34,999, and 43 percent of renter households earning between \$35,000 to \$49,999, spent more than 30 percent of their household income towards rent in 2018.

As shown in Table 2.13 61 percent of owner-occupied households earning less than \$20,000 experienced 50 percent or more cost burden, and 40 percent of owner-occupied households earning between \$20,000 to \$34,999 experienced 30 percent or more cost burden during the same period. In owner-occupied households earning between \$35,000 to \$49,000, the household group earning around 80 percent of the area median income, 37 percent of homeowners pay more than 30 percent of their household income on housing costs.

**Table 2.12**  
Gross Rent as a Percent of Household Income in Arlington, 2014 - 2018 (5-Year Average)

Gross Rent as a Percent of Household Income	2018
<b>Less than \$20,000</b>	<b>13,881</b>
<b>30.0 percent or more</b>	<b>12%</b>
50.0 Percent or more	72%
<b>\$20,000 to \$34,999</b>	<b>12,793</b>
<b>30.0 percent or more</b>	<b>59%</b>
50.0 Percent or more	26%
<b>\$35,000 to \$49,999</b>	<b>11,205</b>
<b>30.0 percent or more</b>	<b>43%</b>
50.0 Percent or more	5%
<b>\$50,000 to \$74,999</b>	<b>11,723</b>
<b>30.0 percent or more</b>	<b>15%</b>
50.0 Percent or more	1%

Table 2.12: Source: 2014 - 2018 American Community Survey (ACS) – U.S. Census

**Table 2.13**

Owner Costs as a Percent of Household Income in Arlington, 2014 - 2018 (5-Year Average)

Owner Cost as a Percent of Household Income	2018
<b>Less than \$20,000</b>	<b>5,018</b>
<b>30.0 percent or more</b>	<b>14%</b>
50.0 Percent or more	61%
<b>\$20,000 to \$34,999</b>	<b>6,671</b>
<b>30.0 percent or more</b>	<b>40%</b>
50.0 Percent or more	21%
<b>\$35,000 to \$49,999</b>	<b>7,203</b>
<b>30.0 percent or more</b>	<b>37%</b>
50.0 Percent or more	9%
<b>\$50,000 to \$74,999</b>	<b>15,642</b>
<b>30.0 percent or more</b>	<b>20%</b>
50.0 Percent or more	1%

Table 2.13: Source: 2014 - 2018 American Community Survey (ACS) – U.S. Census

**According to the 2014-2018 ACS data, 28 percent of the renter-occupied households in Arlington were cost burdened and paying more than 30 percent of their household income on housing costs.**

**During the same time period, 11 percent of owner-occupied households paid more than 30 percent of their household income for housing and 6 percent of owner-occupied households were 50 percent cost burdened.**

One of the most revealing indicators that minorities are more likely to require rental housing and lag far behind Whites in obtaining housing of their choice is in the category of homeownership. The homeownership rate among Whites was 70 percent, compared to 32 percent for African Americans and 47 percent for Hispanics.

Other limitations for minorities include lower incomes and a disproportionate number of minority households living in poverty. The incidence of poverty among African Americans was 19.4 percent of the population in 2018, and poverty among Hispanics were reported to be 21 percent. Among White persons, the data reported that 9.5 percent lived in poverty. In comparison, the poverty rate for the MSA was 12.6 percent during the period. The median household income was reported to be \$71,537 for White households, \$50,250 for African American households, and \$48,075 for Hispanic households, compared to \$58,502 for Arlington overall. All these factors combine the limited housing choice of Arlington's minority populations.

# III. Fair Housing Law, Court Cases, Policy, Regulatory and Complaint Analysis

## Introduction

This AI examines how City of Arlington's laws, regulations, policies, and procedures ultimately affect fair housing choice in the City. Fair housing choice is defined, generally, as the ability of people with similar incomes to have similar access to location, availability, and quality of housing. Impediments to fair housing choice can occur when cities enact legislation that intentionally or unintentionally preclude people within certain income groups from having equal access to decent, safe, and affordable housing.

Section 3.1 addresses the existing statutory and case law that resulted in the removal of impediments in order to promote fair housing choice. Statutory and case law related to the Federal Fair Housing Act must be reviewed to assist in mitigating barriers to fair housing choice in conjunction with local enforcement efforts, judicial and administrative court rulings. Additionally, landmark judicial court case decisions and other regulations that provide interpretation, understanding, and support to the Federal Act are considered.

A comparison of the City of Arlington statutes to the Federal Fair Housing Act demonstrates that the City of Arlington has not enacted substantially equivalent fair housing law concerning whether they offer similar rights, remedies, or enforcement of the federal law. In 1995, the City of Arlington enacted the first local Fair Housing Ordinance, which was amended by local Ordinance No. 06-082 on August 22, 2006. The original ordinance and the amendment do not provide substantially equivalent local enforcement, judicial or city administrative review, adjudication, or penalties for those who violate the City of Arlington Fair Housing Ordinance. Related federal laws, such as the Community Reinvestment Act and Home Mortgage Disclosure Act, were also reviewed to understand how the Acts facilitate fair lending. Section 3.2 summarizes the level of federal fair housing enforcement activity in the City of Arlington.

Another component in the evaluation of impediments and barriers to fair housing choice is an analysis of public policy, programs and regulations that impact the availability of affordable housing. This analysis focuses on how governmental actions impact fair housing choice and the availability of adequate, decent, safe, and affordable housing for protected class members and people of all incomes. Section 3.3 assesses how city-managed government subsidies and public funding appropriations are used to provide housing assistance for low-moderate income and very low-income households. This analysis includes a review of key documents such as the City of Arlington Consolidated Plans, current and previous Annual Action Plans, Consolidated Annual Performance Evaluation Reports (CAPER), Arlington Housing Authority (AHA) Five Year and Annual Plans, and other documentation on housing programs including the Section 8 Housing Choice Voucher program. City and AHA staff also provided information on current and future initiatives to develop affordable housing and acquire additional funds.

Section 3.4 is an analysis of the City of Arlington Unified Development Code and Building Code, City-appointed advisory board actions, and public policy documents. This section focuses on building codes, zoning ordinances, land use plans, local initiatives, and governmental actions relative to development and incentives that stimulate development. There is also a review of public policy decisions approved by the Arlington Housing Authority Board, City of Arlington City Council, Planning and Zoning Commission, Zoning Board of Adjustment, and other appointed boards and agencies responsible for housing and development policy and the enforcement of codes.

Section 3.5 provides an analysis of fair housing complaints filed with HUD. Section 3.6 summarizes the current fair housing barriers based on the existing law, enforcement efforts, complaint analysis, and the availability of affordable housing. As the enforcing agency for fair housing complaints in Arlington, compliant data was provided by the HUD Fort Worth, Texas Regional Fair Housing and Equal Opportunity (FHEO) Office.

### **3.1. Fair Housing Law**

The Federal Fair Housing Act (the Act) was enacted in 1968 and amended in 1974 and 1988 to add protected classes, provide additional remedies, and strengthen enforcement. The Act makes it unlawful for a person to discriminate on the basis of race, color, sex, religion, national origin, handicap, or familial status. Generally, the Act prohibits the discrimination of protected classes in all residential housing, sales, advertising, and lending, and insurance practices. Examples of prohibited and illegal discrimination activities under the Act include:

- Misrepresenting that a house or apartment is unavailable by:
  - ✓ Providing false or misleading information about a housing opportunity,
  - ✓ Discouraging a protected class member from applying for a rental unit or making an offer of sale, or
  - ✓ Discouraging or refusing to allow a protected class member to inspect available units
- Refusing to rent or sell, or to negotiate for the rental or sale of a house or apartment, or to otherwise make unavailable by:
  - ✓ Failing to effectively communicate or process an offer for the sale or rental of a home,
  - ✓ Utilizing all non-minority persons to represent a tenant association in reviewing applications from protected class members, or
  - ✓ Advising prospective renters or buyers that they would not meld with the existing residents
- Including discriminatory language in the terms, conditions, or facilities for the rental or sale of housing by:
  - ✓ Using different provisions in leases or contracts for sale,
  - ✓ Imposing slower or inferior quality maintenance and repair services,
  - ✓ Requiring a security deposit (or higher security deposit) of protected class members, but not for non-protected class members,
  - ✓ Assigning persons to a specific floor or section of a building, development, or neighborhood, or

- ✓ Evicting minorities, but not non-minorities, for late payments or poor credit
- Making, printing, publishing, or posting direct or implied statements or advertisements that indicate housing is not available to members of a protected class
- Persuading or attempting to persuade people, for-profit owners, or nonprofit organizations to rent or sell their housing due to minority groups moving into the neighborhood by:
  - ✓ Mailing notices to homeowners in a changing area that includes recently sold home listings with a picture of a minority real estate agent as the successful seller, or
  - ✓ Mailed or telephonic notices that the "neighborhood is changing" and now is a good time to sell, or in any way noting the effect of the changing demographics on property values
- Denying loans or making different loan terms on residential loans for members of a protected class by:
  - ✓ Using different procedures or criteria to evaluate credit worthiness,
  - ✓ Purchasing or pooling loans so that loans in minority areas are excluded,
  - ✓ Implementing a policy that has the effect of excluding a minority area, or
  - ✓ Applying different procedures for foreclosures that negatively impact protected class members
- Denying persons the use of real estate services
- Intimidating, coercing, interfering with, or retaliating against a person for filing a fair housing complaint.

The Federal Fair Housing Act requires housing providers to make reasonable accommodations in rules, policies, practices, and paperwork for persons with disabilities. They must allow reasonable modifications of the property for people with disabilities to live successfully. Due to the volume of questions and complaints surrounding accessibility accommodations, the Department of Justice (DOJ) and the Department of Housing and Urban Development (HUD) released a joint statement in March 2008 formally defining the

rights of persons with disabilities and the obligations housing providers to allow or provide accommodations.

In addition to prohibiting certain discriminatory acts, the Act places no limit on the amount of recovery and imposes substantial fines. Based on previous actions, the fine for the first offense is up to \$11,000; the second offense within a five-year period, up to \$27,500; and for a third violation within seven years up to \$55,000.

The Fair Housing Act also prohibits advertising that indicates any "preference, limitation or discrimination", and has been interpreted to apply not only to the wording of an advertisement but also the images and persons depicted. Ad campaigns may not limit images containing only, or mostly, people of a particular race, gender, or family type.

A review of local advertisements in real estate publications was conducted to determine if housing and real estate advertising in the greater Arlington housing market have impediments to fair housing. These types of advertisements cover an area beyond the City of Arlington, and the time-period of one year is insufficient to conclusively establish a pattern of discrimination. The available data provides a snapshot of the current advertising, which demonstrates a general state of fair housing law compliance by advertisers. The advertising, especially those with images of prospective or current residents, was reviewed with a sensitivity toward whether or not ads included:

- All or predominately models of a single race, gender, or ethnic group
- Families or children depicting images of prospective residents
- Protected-class groups in service roles (maid, doorman, servant, etc.)
- Protected-class groups in the background or obscure locations
- Any symbol or photo with strong racial, religious, or ethnic associations
- Depictions predominately one racial group or protected class
- The number of different ads in which none or few models of other races were included for ad campaigns running over a long period
- Equal Housing Opportunity (EHO) statements or logos, or contains the statement or logo, but it is not readily visible

- Group shots or drawings depicting many people, all or almost all of whom are from one racial group

Publications in the greater Arlington area were reviewed, including Apartment Finder, The Real Estate Book, and various local real estate sales publications. There were no major concerns revealed. Some publications made blanket statements in the front cover pages stating that the magazine as well as their advertisers are subject to the Federal Fair Housing Act. Most of the advertisements included the equal housing opportunity logo or slogan. Including the logo indicates to potential homeowners that the property is available to all persons. The failure to display the Fair Housing Act symbol or slogan may become evidence of discrimination if a complaint is filed. Additionally, most of the images included in the selected materials displayed racial, ethnic or gender diversity.

### **Fair Housing Assistance Program (FHAP) Agencies**

The U. S. Department of Housing and Urban Development (HUD) provides funding to state and local governmental agencies to enforce local fair housing laws that are substantially equivalent to the Fair Housing Act. Once a state, city or county enacts a substantially equivalent fair housing law, they can apply to become certified a Fair Housing Assistance Program (FHAP) Agency and receive funds for investigating and conciliating fair housing complaints. Alternatively, the jurisdiction can be designated a Fair Housing Initiatives Program (FHIP) Agency and receive funds for education and promotion of fair housing, and investigation of allegations. It should be noted that a county or city must be in a state with a substantially equivalent fair housing law as determined by HUD.

In order to the participate in the FHAP program, the local jurisdiction must also adopt a substantially equivalent law that at minimum contains the seven protected classes - race, color, national origin, sex, religion, handicap, and familial status - and must have substantially equivalent fines for violations, remedies, investigative processes, and enforcement powers. In addition, the process for investigating and conciliating complaints

must mirror HUD's process outlined in federal regulations, including providing enforcement for aggrieved citizens where cause is found.

HUD's process begins when an aggrieved person files a formal written complaint within one year of the date of the alleged discriminatory housing or lending practice. This process can also be initiated by a phone call, and HUD will complete a complaint form, also known as a 903, and mail it to the complainant to sign. The complaint must contain the name and address of the complainant and respondent, address and description of the housing involved, and a concise statement of the facts, including the date of the occurrence, and the complainant's affirmed signature. Upon filing, HUD is obligated to investigate, attempt conciliation, and resolve the case within 100 days. Resolution options are dismissal, withdrawal, settlement or conciliation, or a determination as to cause.

The FHAP certification includes a two-year interim period for HUD to closely monitor the jurisdiction's intake and investigative process, which can be an administrative hearing process or filing suit in court on behalf of the aggrieved complainant.

The FHIP certification process is contingent on the type of funding for which the agency is applying. There are four programs available: Fair Housing Organizations Initiative (FHOI), Private Enforcement Initiative (PEI), Education Outreach Initiative (EOI), and Administrative Enforcement Initiative (AEI). Currently, there is no funding under the AEI status.

### **Court Decisions**

The impact of landmark court cases were reviewed to examine how court litigation and settlements impact the interpretation of Fair Housing Law. The following summarizes some of the key cases that provide responses to Fair Housing issues and solutions and remedial actions for resolving those issues.

**Texas Department of Housing and Community Affairs v. Inclusive Communities Project Inc.** is the first case to affirm disparate impact must be considered in determining violations to the 1968 Federal Fair Housing Act. On June 25, 2015, the U.S. Supreme Court, in a 5-4 decision written by Justice Kennedy, upheld the disparate impact doctrine under the Fair Housing Act. This precedent-setting opinion affirmed both 40 years of legal jurisprudence and the decisions of 11 U.S. appellate courts in holding that disparate impact is cognizable under the Fair Housing Act. The case centered on low income tax credit selection criteria in Texas and unintended impacts on residents.

The Court acknowledges the Fair Housing Act's continuing role in moving the Nation toward a more integrated society. The Court affirmed that disparate impact is an important protection for all of us. This also affirms under the 1968 Fair Housing Act, that protected individuals and families, and their right to housing, cannot be restricted because they have children, women who experience domestic violence cannot suffer eviction due to their abuse, or their previous address is a shelter. It also affirmed that predatory lending practices that dumped millions of subprime loans into neighborhoods will not be allowed.

Neighborhoods recovering from the 2008 financial crisis, or neighborhoods experiencing decline in areas of concentrated poverty, race, and ethnicity are protected against disparate impact, and this decision is a critical tool in addressing unfair practices that contribute to economic and wealth disparities. The courts affirmed that where we live impacts housing affordability and quality of life, but our zip code should not define us.

**Walker v. HUD**, settled by consent decree, establishes precedent of HUD, PHA and City responsibilities and culpability for insuring the elimination of segregation in public and assisted housing. The **Walker** Public Housing/Section 8 desegregation litigation was filed in 1985 when one plaintiff, Debra Walker, sued one Mesquite, Texas, a Dallas area suburb. The lawsuit contended that the City of Mesquite refused to give consent for Dallas Housing Authority (DHA) to administer Section 8 certificates within Mesquite, violating the 14th Amendment and other civil rights law prohibiting racial discrimination in housing. The

initial complaint resulted in a 1987 consent decree involving DHA and HUD without any liability findings. The suit was subsequently amended to bring in DHA, HUD, and the City of Dallas and to provide for a class of Black or African American public housing and Section 8 participants who contended that the Dallas Housing Authority segregated public housing by race, leading to racial concentrations of African Americans in minority concentrated areas. The suburban cities surrounding Dallas, with the exception of Garland, were dismissed from the case by consenting to allow the DHA Section 8 program within their jurisdiction.

In the 1989 court decision **Walker III**, 734 F. Supp. 1289 (N.D. Tex. 1989), the City of Dallas was found as a liable party in the segregation of the DHA program. HUD and DHA were subsequently found liable for knowingly and willingly perpetuating and maintaining racial segregation in DHA-operated low-income housing programs. HUD was found liable for failure to affirmatively further fair housing under the Fair Housing Act and for purposeful violations of the Fifth Amendment to the U.S. Constitution, Title VI of the 1964 Civil Rights Act, 42 U.S.C. §§ 1981, 1982, and 1983. The district court found that the defendants had the remedial obligation to cease any present discrimination and to eliminate the lingering effects of past segregation to the extent practical.

Court orders entered in this case have provided the following desegregation resources:

- (a) approximately 9,900 new assisted units have been made available to **Walker** class members.
- (b) Approximately \$22 million to develop housing in predominantly White areas of the Dallas metroplex.
- (c) \$2 million dollars was allocated to operate a fair housing organization to focus on obstacles for low income minority families.
- (d) Hope VI funding was provided by HUD for 950 units in the West Dallas project.
- (e) \$94 million was provided by the City of Dallas for neighborhood equalization and economic development in public housing project neighborhoods.

(f) \$10 million was provided to be used in connection with the Settlement Voucher program for mobility counseling.

Similar to the Walker case, **Young v. HUD** is landmark case settled by consent decree that establishes precedent for HUD, PHA and City responsibilities and culpability for insuring the elimination of segregation in public and assisted housing. The Young case involved more than 70 housing authorities in 36 counties in East Texas, HUD, and the State of Texas. The litigation did not end until 2004. The remedy to the complaint was extensive and involved the equalization of conditions including the provision of air conditioning in the segregated black developments, and desegregation of the tenant population in previously racial segregated black and white projects. It also mandated the use of public housing and Section 8 program funding to be allocated to a private fair housing organization to develop over 5,000 desegregated housing units in predominantly white areas, and equalization of neighborhood conditions around the predominantly black projects. Further, injunctions against local cities allowed for the development of public housing in white neighborhoods, sale of the Vidor public housing and the use of the proceeds for housing opportunities in white areas that were accessible by black public housing tenants, and \$13 million in State funding for neighborhood equalization. Most of the relief was obtained only after the record of HUD's violations of previous remedial orders was compiled and presented to the Court.

Some of the orders, agreements, and reports from this case include:

- A. The final judgment entered by the Court in 1995
- B. An order modifying final judgment entered in 2004 to include a HUD manual on creating desegregated housing opportunities as exhibit 3 to the order
- C. An agreement between the plaintiffs and the State of Texas for the remaining \$4.4 million of the total \$13 million that the State contributed to the neighborhood equalization activities required by the Final Judgment.

At the inception of the Fair Housing Act, insurance companies took the position that they were not covered by the Act. However, a 1992 Wisconsin Appeals Court determined that the Act “applies to discriminatory denials of insurance and discriminatory pricing that effectively preclude ownership of housing because of the race of an applicant.” The case was a class action lawsuit brought by eight African American property owners, the National Association for the Advancement of Colored People (NAACP), and the American Civil Liberties Union (ACLU) against the American Family Insurance Company. The plaintiffs claimed they were either denied insurance, underinsured, or their claims were more closely scrutinized than white insurance holders. American Family’s contention was that the Act was never intended to prohibit insurance regulations or policies. The appeals Court stated, “Lenders require their borrowers to secure property insurance. No insurance, no loan; no loan, no house; lack of insurance thus makes housing unavailable.” A 1998 court verdict against Nationwide Insurance further reinforced previous court decisions on illegally discriminating against African American homeowners and predominantly African American neighborhoods with a \$100 million judgment.

Another case was settled for \$250,000 in Maryland when Baltimore Neighbors, Inc., a non-profit organization, alleged that real estate agents were steering minority homebuyers away from certain neighborhoods. Fine Homes real estate agents were accused of steering prospective African-American buyers away from predominantly White neighborhoods and Whites were almost never shown homes in predominantly African-American zip codes.

In 2009 case **Connecticut Fair Housing Center v. New Horizons Village Apartments**, the State of Connecticut Office of Protection and Advocacy for Person with Disabilities sued New Horizons Village, an independent housing apartment complex for people with severe physical disabilities. Under the consent decree, New Horizons is no longer allowed to require tenants to provide their private medical records to prove they can “live independently”. CT Fair Housing Center stated “The Fair Housing Act is clear that it is impermissible to limit the housing choices of people with disabilities based on stereotypes

about their ability to care for themselves; people with disabilities are entitled to the same freedom to choose how and where they want to live as people without disabilities.”

In **County of Edmonds v. Oxford House**, the United States Supreme Court ruled that the Fair Housing Amendments Act of 1988 prevents communities from excluding group homes for the handicapped from single-family residential zones. The Oxford House is a operates hundreds of group homes throughout the country for recovering alcoholics and drug addicts. Recovering alcoholics and drug addicts, in the absence of current drug use or alcohol consumption, are included under the protected class of handicapped in the Fair Housing Act as amended in 1988. In **Oxford House v. Township of Cherry Hill**, 799 F. Supp. 450 (D. N.J. 1991), the federal court rejected a state court ruling that recovering alcoholic and drug addicted residents in a group home do not constitute a single family under the Township’s zoning ordinance. In **Oxford House-Evergreen v. County of Plainfield**, 769 F. Supp. 1329 (D. N.J. 1991) the court ruled that it was intentionally discriminatory for the County to permit the use of the Oxford House and then deny the use after neighborhood opposition.

The 6-3 majority opinion of the U.S. Supreme Court in **Olmstead v. L.C.** (1999) stated that *“Unjustified institutionalization of persons with mental disabilities...qualifies as discrimination”*. The ruling agrees with the “the most integrated setting” provision of the American Disabilities Act (ADA), and finds that a state may not discriminate against psychiatric patients by keeping them in hospitals instead of community homes. As a result of this case, the ADA may require states to provide treatment in community-based programs rather than in a segregated setting when deemed appropriate by state professionals, agreed to by the individual with the disability, and resources are sufficient. The courts agreed

In historic federal settlement order to lawsuit **United States of America ex rel. Anti-Discrimination Center of Metro New York (ADC) v. Westchester County, New York** (2009), ADC filed suit against Westchester County stating that the entitlement community did not take appropriate steps to identify and overcome impediments of fair housing when it conducted an Analysis of Impediment to Fair Housing without examining race-based

effects on housing choice. The Court stated that grant recipients must consider impediments erected by race discrimination, and if such impediments exist, take appropriate action to overcome the effects of the impediments. All entitlement communities receiving federal funds must certify that they have and will “affirmatively further fair housing” and a false certification can be considered fraudulent intent. The settlement order issued in August 2009 found that Westchester had “utterly failed” to meet the obligation to affirmatively further fair housing throughout a six-year period. Westchester was ordered to submit an implementation plan of how it planned to achieve the order’s desegregation goals. One major outcome from the landmark agreement is the construction of 750 units of affordable housing in neighborhoods with low minority populations.

A 2003 settlement ordered by the New Jersey District Court mandated the owner of the website [www.sublet.com](http://www.sublet.com) to establish a \$10,000 victim fund, pay a civil penalty of \$5,000, adopt a non-discrimination policy to be published on the site, and require all employees to undergo training on new practices, when it found that the business was guilty of publishing discriminatory rental advertisements prohibited by the Fair Housing Act. This order was the first of its kind to be brought by the Justice Department, which enforces federal laws prohibiting discriminatory advertising on the internet with the same vigor as it has previously for print and broadcast media.

Under the Fair Housing Act, apartment complexes and condominiums with four or more units and no elevator, built for first occupancy after March 13, 1991, must include accessible common and public use areas in all ground-floor units. An apartment complex near Rochester, New York was ordered to pay \$300,000 to persons with disabilities for not making its housing facility fully accessible, with \$75,000 set aside for the plaintiffs. They were required to publish a public notice of the settlement fund for possible victims and pay a \$3,000 civil penalty.

In 2005, the Connecticut Commission on Human Rights and Opportunities (CHRO) issued a charge of discrimination on the basis of disability when an apartment manager

refused to rent to a person with a disability on the first floor of the complex due to the absence of access ramp. The apartment manager was unwilling to make a modification to add a ramp. The court recognized that the defendant knowingly refused to make accommodations for a renter with a disability and concluded that the renter was entitled to compensatory and emotional distress damages of \$10,000 and imposed a civil penalty of \$1,000.

In the 2007 case **Fair Housing Council of San Fernando Valley v. Roommates.com, LLC**, the 9th Circuit Court of Appeals ruled in support of the Fair Housing Council of San Fernando Valley allegations that the website violated the Fair Housing Act for requiring prospective roommates provide information about gender, sexual orientation, and parenthood status when creating a profile for the site.

In 2005, the National Association for the Advancement of Colored People (NAACP), The National Association of Home Builders (NAHB), and the Home Builders Association (HBA) of Greater Austin, filed a federal lawsuit against the City of Kyle, Texas. The plaintiffs contended that by passing ordinances imposing requirements for all-masonry construction, and expanded home and garage size, the Kyle City Council drove up the cost of starter homes by over \$38,000 per new unit, disproportionately impacting minorities. The City of Kyle filed a motion to dismiss, asserting that both NAACP and NAHB lacked standing. The federal district court recognized the plaintiff's standing in 2006. Thereafter, the cities of Manor, Round Rock, Pflugerville, and Jonestown, all moved to join the litigation on the grounds that they each have ordinances similar to the one being challenged in Kyle and that any positive decision in this case would allow NAHB and NAACP to sue them at some later date. In May the court decided that the cities could participate as friends of the court but may not join in the litigation otherwise. This case was not resolved until 2011.

### **Homelessness and the Fair Housing Act**

Homelessness is defined as lacking a fixed, regular, and adequate night-time residence; or where the primary night-time residence is:

- A supervised publicly or privately operated shelter designed to provide temporary living accommodations
- An institution that provides temporary residence for individuals intended to be institutionalized,
- A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings

The Fair Housing Act defines “dwelling” without addressing overnight or temporary residences, so mistreatment of the homeless is not generally covered by fair housing law. However, the ability of persons to find affordable housing is a right protected by the Fair Housing Act, and a violation of this right could result in homelessness. This could be viewed as a conflict with fair housing law.

### **Unfair Lending Practices**

Unfair lending practices are difficult to detect and prosecute; however, there are laws other than fair housing law, to assist communities in aggressively scrutinizing unfair lending activity. The Home Mortgage Disclosure Act (HMDA) requires banks to publish an annual record of their lending activities. Fair housing enforcement agencies and nonprofit organizations can use this data to substantiate a discrimination claim or to determine racial diversification in bank lending. Community organizations are aided by the Community Reinvestment Act (CRA), which requires the opportunity for the community to make a comment when banks attempt to merge, purchase another bank, or establish a new branch. The community can challenge the action if the bank has a poor record. Sometimes agreements can be reached with the bank promising a certain level of commitment to the community. Usually, the CRA commitments made by the bank are analyzed, utilizing data such as HMDA, to determine adherence. Additionally, the Equal Credit Opportunity Act (ECOA) prohibits discrimination in lending practices. The data from

required reporting can be significant in identifying unfair lending practices and imposing remedies, which may include up to one percent of the gross assets of the lending institution.

The U.S. Supreme Court ruled in the 2009 case **Cuomo v. Clearing House Assn., LLC** that states may investigate national banks for discrimination of minorities seeking home loans, and charge accused violators if found guilty. The New York Attorney General requested non-public information from several national banks as a part of a discrimination investigation. The national banks refused to comply and argued that under the National Bank Act, the federal Office of the Comptroller of the Currency (OCC) was charged with regulating bank compliance, not the state of New York. The Supreme Court ruling gave state government power to enforce consumer-protection and lending policies under the National Bank Act.

### **3.2. Enforcement**

It has long been settled that fair housing testing is legal and that non-profit fair housing enforcement agencies have standing to sue as long as certain criteria are met. These decisions make it feasible for non-profits to engage in fair housing enforcement activities.

The Department of Housing and Urban Development (HUD) enforces local, state, and federal fair housing laws prohibiting discrimination in the buying, selling, rental or enjoyment of housing because of race, color, national origin, religion, sex, disability, or familial status. The Regional HUD Office in Fort Worth conducts investigations of fair housing complaints that are reported directly to their office. Texas is in HUD Region IV that includes Arkansas, Louisiana, Oklahoma, New Mexico, and Texas. A HUD Regional Office investigation of a discrimination complaint includes inspection of the city, site of complaint, interviews with the complainant, respondents, and witnesses, a review of all records and documentation, and observation of the general environment.

When a complaint is filed with any of the jurisdictions, HUD is notified of the complaint. HUD notifies the violator of the complaint and invites all parties to submit an answer. HUD investigates the complaint to determine if there is reasonable cause to believe the Federal Fair Housing Act has been violated. The complainant is then notified. A detailed discussion of the complaints filed with HUD follows in Section 2.5. A case is typically heard in an Administrative Hearing unless one party wants the case to be heard in the Federal District Court.

### **Education and Outreach**

The City of Arlington receives fair housing complaints and makes referrals to HUD for enforcement. HUD is responsible for fair housing enforcement of the Federal Fair Housing Act in Arlington. The City of Arlington provides outreach and education about fair housing to the general public, landlords and tenants, housing and financial providers, and citizens. It is important that potential victims and violators of housing and/or lending discrimination law be aware of general fair housing issues, know what may constitute a violation, and what they can do if they believe they have been discriminated against. Likewise, it is important for lenders, housing providers, and agents to know their responsibilities and when they may be violating fair housing law.

Often, people may be unaware of their fair housing rights. Housing discrimination today tends to be subtle. Instead of saying that no children are allowed, they may impose unreasonable occupancy standards that effectively exclude families with children. Rather than saying, "We do not rent to Hispanics," they may say, "Sorry we do not have any vacancies right now, try again in a few months" when, in fact, they do have one or more vacancies. Printed advertisements do not have to state, "no families with children or minorities allowed" to be discriminatory. A series of ads running over an extended period that always or consistently exclude children or minorities may very well be discriminatory. A person who feels they may have been discriminated against may not do anything if they do not know that a telephone call can initiate intervention and lead to a resolution without

excessive cost or time. Educating people about available resources and assistance is a critical component of an effective fair housing program.

### **3.3. Production and Availability of Affordable Units**

A thorough review was conducted to assess the adequacy and effectiveness of housing and housing-related programs designed, implemented, and operated by the City of Arlington and the Arlington Housing Authority including the characteristics affecting the production, availability, and affordability of housing in Arlington. This review includes Section 8, Housing Choice Voucher Programs and City formula entitlement funding from HUD, and the ability of each program to reach the target markets and identify those with the greatest need. The Arlington Housing Authority Administrative Plan and Annual Contributions Contract (ACC) and Section 8 Management and Assistance Plans and the City of Arlington Consolidated Plan, Annual Action Plans, Consolidated Annual Performance Evaluation Report, and other documentation informed the extent to which the current programs administered by AHA and the City of Arlington address the impediments identified in this document.

### **3.4. Regulatory and Public Policy Review**

The City of Arlington has not enacted substantially equivalent fair housing law. Having a fair ordinance that is substantially equivalent to the federal Fair Housing Act, exemplifies a local commitment to enforcing fair housing regulations and providing public awareness of individuals' rights under the Fair Housing Act. A substantially equivalent law also qualifies the local jurisdiction to apply for federal funding for enforcement.

The City of Arlington Unified Development Code (zoning ordinance) and public policies were examined to identify impediments to fair housing choice. The land development codes, and zoning regulations do address affordable housing and allow for the construction of a variety of types of housing including single-family and multifamily

housing. The regulations also provide a process to consider variances to development barriers that affect the feasibility of developing affordable housing within the City.

### **3.5. Analysis of Fair Housing Complaints**

The Fort Worth FHEO Division of the Regional Office of the U.S. Department of HUD provided fair housing complaint data from December 1, 2015 through December 31, 2019. During this period, HUD reported 65 complaints filed in Arlington according to one or more basis, including National Origin, Religion, Familial Status, Handicap, Sex, Disability, and Race-Color. Since some complaints listed multiple basis for their complaint, the total number of complaints is 72. Table 3.1 depicts complaint filed, divided on a protected class basis.

**Table 3.1: Number of Complaints by Protected Class by Year (2015 - 2019)**

Source: HUD Fort Worth, Texas Regional Office, FHEO

	Race/Color	National Origin	Familial Status	Disability	Sex	Religion	Retaliations	Total
2015	1			10				11
2016	4			24				28
2017	3		5	8				16
2018	2			4	2		1	9
2019	2	1		1	1		1	6
Total	12	1	5	47	3		2	70

Table 3.2 tallies the case closure types by year the case was opened.

**Table 3.2: Number of Complaints by Resolution Type (2015 - 2019)**

	No Reason	Complaint withdrawn by complainant after resolution	Complaint withdrawn by complainant without resolution	Conciliation/settlement successful	Dismissed for lack of jurisdiction	No cause determination	Unable to locate	Total
2015		1		7		2	1	11
2016		3		19	1	3		26
2017	1	1		5		6	1	14
2018		3	1			4		8
2019	2	1		1		1		5
Total	3	9		32		16	2	64

Source: HUD Fort Worth, Texas Regional Office, FHEO

## **Summary of Cases Files**

Table 3.1 reveals of the 64 cases that were filed with the Fort Worth Regional Office of HUD over the past five years, disability was the most common complaint with 47 cases, representing 73 percent of the cases filed. The second highest complaint was Race or Color with 12 cases, representing 18 percent of total cases. A total of 64 cases over a five-year period is a relatively small number, and an average of 12.8 cases per year. This low occurrence does not provide conclusive evidence of the lack of knowledge of fair housing in a community, it does support the need for additional outreach and education on fair housing law and how to file a complaint. One case filed was on the basis of retaliation. While retaliation is not a recognized basis under the Act, it could be an indication that greater education and outreach may be needed in industries such as rental property owners and management.

### **3.6. Conclusions and Implications for Fair Housing Barriers and Impediments**

**Arlington Housing Authority AI related conclusions:** An assessment was conducted on characteristics affecting the production, availability, and affordability of housing in Arlington, including the adequacy and effectiveness of housing designed, implemented, and operated by the Arlington Housing Authority (AHA). The assessment evaluated the Section 8 Housing Choice Voucher programs' ability to reach their target markets and how effective they are in identifying and serving those who have the greatest need.

This analysis of impediments to fair housing also assessed the extent to which the AHA is currently utilizing programs and funding to address impediments identified in this document, including a review of AHA programs, operating procedures, waiting list, tenant composition, and any regional impacts to fair housing. A comprehensive review with recommendations is presented in Section 6 of this report, including:

- Housing Authority Programs, Policies, and Procedures Analysis

- Public Housing Application, Admission and Continued Occupancy Policies
- Public Housing Waiting List Policies and Procedures
- Public Housing Tenant Composition and Waiting List Requirements
- Regional Impediments Impacting AHA

AHA programs policies and procedures were deemed consistent and in compliance with HUD requirements. There were no impediments identified in the review of AHA programs, policies, and procedures. However, the cost of new and replacement housing, higher rental rates, fair market rents that are less than market rates, cost of land, existing development value verses property values, and development cost for replacement housing are major impediments to developing additional affordable housing for the de-concentration of race/ethnicity groups, persons living poverty, and lower income persons.

Currently, privately-owned, federally-subsidized housing developments need repair and replacement of marginal and obsolete units. However, current market values for existing developments to be substantially renovated versus the land and development cost to build comparable new units is not feasible for housing developers. Limited federal funding to subsidize the rehabilitation of existing housing units is often cost-prohibitive compared to the cost of building new replacement units on alternate sites. Limited rent subsidies for low- to moderate-income tenants also makes new and renovated units unaffordable.

**City of Arlington Analysis of Impediments to Fair Housing conclusions:** The City of Arlington refers fair housing complaints to HUD for investigation and enforcement and is responsible for conducting public education, training and outreach of fair housing rights and remedies in Arlington. The City of Arlington has enacted fair housing law that meets HUD guidelines, but that in the role of enforcement, is not substantially equivalent to the Federal Fair Housing Act. The lack of a federal substantially equivalent fair housing ordinance limits enforcement actions by Arlington and federal government. Impediments

are also impacted by limited funding for fair housing education. The community engagement process reveals the need for greater knowledge of the city and federal fair housing acts, the public's understanding of the reporting process for complaints, or how and where to file a complaint. Substantiation of complaints and investigation by the HUD FHEO Regional Office in Fort Worth, Texas is often difficult.

Real estate-related publications that advertise the sale or rental of housing, home improvements or remodeling in the greater Arlington area were reviewed for EHO acknowledgements, which inform the public that a property is available to all persons. Some publications made blanket statements on the front pages stating that the magazines and their advertisers are subject to the Federal Fair Housing Act. In some cases, individual advertisers included EHO statements and/or logos within the advertisement.

Analysis of the City of Arlington's Consolidated Plan, Annual Action Plan, Consolidated Annual Performance Evaluation Report, and other documentation submitted by the City of Arlington to HUD, indicate that the City of Arlington should enhance their ability to address impediments relative to fair housing education and outreach.

The City's Unified Development Codes and related policies were examined to identify whether current ordinances or policies impede fair housing. No concerns were noted.

There were no impediments identified in the review of City of Arlington entitlement grant programs, policies, or procedures. However, the cost of new housing and replacement housing, higher rental rates, fair market rents that are less than market rates, cost of land, existing development value versus property values, and development cost for replacement housing are major impediments to developing more efficient affordable housing.

The de-concentration of race/ethnicity groups, persons living in poverty, and lower income persons within the city is difficult to achieve. Beyond the number and proximity

of units where racial and ethnic groups, persons living in poverty, and LMI populations live within a certain geographical area, “concentration” for the purposes of R-ECAP designation also includes the extent to which these factors eliminate housing choice and restrict protected class members and LMI populations to areas disproportionately lacking the neighborhood quality enjoyed by others due to these factors.

There are five designated R-ECAP areas in Arlington, based on HUD definition, where privately-owned, federally-subsidized housing developments are contributing to neighborhood decline with housing in need of repair and replacement of marginal and obsolete units. Private real estate is also exhibiting this same decline. Based on limited reinvestment and current market values for existing developments versus the land and development cost to build new replacement units, the sale of existing units and development of comparable replacement units is not feasible in some cases without increased subsidies to support development and renovation cost and affordability. The cost to modernize and update existing units are difficult due to limited federal funding and the cost for renovation being similar to the cost for building new replacement units on other sites.

## IV. Community Engagement

### 4.1. Introduction

The Community Engagement process was initiated on July 25, 2019 to gather input on impediments to fair housing choice and housing needs from a broad sector of the community. The collaborative effort involving strategic planning sessions with city staff, elected and appointed city officials, interviews with stakeholders, and focus groups identified the overall community perspective on the housing needs and impediments to fair housing in Arlington.

Interviews and focus group sessions from August to December 2019 provided input from specific segments of the community. A Strengths/Weaknesses/Opportunities/Threats (SWOT) assessment conducted on October 9, 2019 involved City officials, agencies, and housing and housing related services nonprofit partners. An open online survey was available during this period and received 1,069 responses. Five focus groups were conducted:

- Arlington Homeownership Fair (August 10, 2019)
- Arlington Industry Representatives (October 24, 2019)
- Arlington Housing Authority clients (October 28, 2019)
- Arlington Board of Realtors (November 1, 2019)
- Health Education Learning Project and LBGQT+ representatives (November 16, 2019).

Focus group invitations were sent to residents and community leaders, non-profit organizations, industry professionals and public officials, and were hosted by the City of Arlington, Arlington Housing Authority, and Arlington Board of Realtors. During the focus group session and SWOT analysis, general issues related to the housing market, neighborhoods and concerns pertaining to fair housing choice in Arlington were discussed. Supplemental interviews were

conducted with various community, professional and industry representatives for those unable to attend focus group sessions. The comments summarized in this section represent the comments and views of focus group and supplemental interview participants. JQUAD has made every effort to document all comments as a matter of record, and to ensure that the comments, as presented, have not been altered to reflect our analysis, investigation or substantiation of information obtained during these sessions. Focus group comments and information obtained during interviews were later analyzed and substantiated or corroborated by the data and analysis, included in Section VI: Impediments and Remedial Actions.

## **4.2. Focus Group Concerns and Comments**

### **Social-Economic Conditions**

Among the social-economic issues discussed in the focus group session was the perception that the supply of affordable housing is inadequate and the cost to purchase homes or to rent housing continues to be beyond the range affordable to many local residents. Others believed that poverty and persons lacking sufficient income for housing was rising, severely impacting housing choice for the lowest income households. Participants indicated that poverty and limited incomes have an adverse impact on the condition and quality of neighborhoods and single-family owner-occupied housing in some areas. Contributing factors to housing and neighborhood decline included unemployment, lack of job opportunities, and insufficient incomes to afford decent and affordable housing.

Focus group participants wanted a greater emphasis placed on financial assistance to acquire housing suitable to meet the needs of the changing demographics in the city, and to address specific problems faced by residents and the working poor. Participants also felt that there should be increased pre-purchase counseling to help applicants qualify for mortgage financing and rental units, and post-purchase counseling to remain current with mortgage payments

and home maintenance needs. Increased funding should be identified to provide rental assistance for rent, utilities, and security deposits that are necessary to initiate a lease. Participants cited an increasing need for utility assistance and other essential housing-related support to remain in their current housing and avoid homelessness. Homebuyers are faced with increased down payments and equity investments to buy a home due to the lingering impacts of the 2008 mortgage crisis.

Participants emphasized the need for increased funding for project-based rental assistance due to funding limitations for the Section 8 Vouchers Program. Fair market rents are far below many rents charged by multi-family and single-family rental housing providers. Additionally, demand for rental assistance, and funding for the development of new assisted housing units is also increasing. The Arlington Housing Authority and its clients indicated that Section 8 program guidelines and Fair Market Rents (FMR) do not include incentives for landlords to participate in the program, which restricts the ability for program participants to access quality housing, especially in non-racially concentrated and low-income census tracts.

Housing programs such as City-funded CDBG programs, while successful, are experiencing problems with affordability due to housing related cost such as taxes and insurance. Solutions should ensure that homeowners benefitting from grants and loans can keep pace with increasing housing costs and housing-related cost including taxes, insurance, utilities, and maintenance. Nonprofit developers voiced a need for development and permit fee exemptions and reduced cost of tax liens on adjudicated properties.

### **Housing Supply, Neighborhood Conditions, and Infrastructure and Regulatory Controls**

Participants desired greater emphasis on using building codes and regulatory controls to improve housing conditions, cost, and accessibility. Participants also recommended incorporating energy efficiency and green building standards into

the construction of affordable housing; additional infrastructure to support new housing development, and substantial funding to repair owner-occupied housing. The groups also recommended that zoning regulations provide variances, when necessary, to induce infill development of vacant lots in developed neighborhoods. Acquisition and utilization of vacant lots, homebuyer subsidies for repairs, drainage, sidewalks, and increased emphasis on code enforcement were also cited as needs.

### **Public Policy and Public Awareness of Fair Housing**

One concern cited in the discussion was the lack of public awareness of fair housing rights. Participants felt that some residents appear to be unaware of their rights protected by fair housing law and that the number of violations reported, and cases substantiated may be much lower than the actual number of violations. Others felt that residents often fear retaliation by those who violate fair housing laws. Several participants cited example instances of people not reporting fair housing complaints for fear of retaliation by their landlords, or violations are reported, enforcement resulted in higher rents or eviction actions by their landlords.

Participants also felt that potential homebuyers and renters need increased access to homebuyer education and counseling or rental housing and tenant's rights counseling and advocacy. They were concerned that first-time home buyers often do not know where to go for help or how to start the home purchase process. Anecdotal accounts by attendees and those interviewed included obstacles faced by renters such as denial of rental applications based on having no prior address, and/or frequent gaps in their rental histories. Others cited housing barriers faced by the "untouchables", such as ex-offenders, convicted sex offenders, and others recently discharged from the criminal justice system.

### **Access to Banking and Financial Institutions Products, and Basic Goods and Services**

Predatory lending practices were identified as a major issue. Perception is that predatory lenders are absorbing much of the market formerly controlled by FDIC-insured banks and other reputable financial institutions, becoming lenders of choice in low income and minority concentrated areas. In other instances, persons facing economic hardships are preyed upon due to their inability to qualify for traditional lending and banking services. For example, predatory businesses provide individuals with loans backed by the title to their car or house at relatively high interest rates. Lenders are quick to foreclose in the event the borrower misses a payment. Attendees were concerned that a growing number of people have fallen prey to subprime loans because they have a poor credit rating or limited to no credit history.

Others expressed concerns that lower income residents are paying higher prices due to a lack of access to healthy foods, basic goods, and services. For example, healthy food choices are limited for residents in low income and minority concentrated neighborhoods, resulting in diets that lack fresh vegetables and fruits and other commodities being priced outside their affordability. Food sources are sometimes limited to convenience stores charging higher prices for low-nutrition food, taking advantage of those with limited mobility or access to public transportation.

### **Lending, Foreclosures, and the Mortgage Industry**

Limited success in obtaining home mortgages was seen as a major barrier to fair housing choice. Criminal background history and immigration status are relatively new factors contributing to the inability to qualify for home purchases and rental housing leases. Credit issues appeared to be the major barrier, based on focus group participant comments. Identified barriers to securing mortgages included a lack of qualified applicants, an inadequate pool of applicants, and the inability of some housing units to qualify based on lending program guidelines. Participants felt that greater emphasis should be placed on making credit counseling and financial literacy accessible to a broader

population, including youth and young adults age eighteen to thirty. Persons with a criminal felony record and those convicted of sex crimes are having particular problems finding rental housing or qualifying for mortgages. Another issue discussed was the inability for elderly and other owners of affordable housing to afford routine maintenance on their home. Any major systems failure such as roof replacement, foundation problems, or replacing heating and air conditioning systems can create a health and safety risk or a violation of local property standards codes.

### **Special Needs Housing**

Participants were concerned about insufficient funding for the elderly to age in place, or to provide housing for those with special housing needs. Participants noted that the expected growth of the elderly population over the next decade will elevate this problem. Without appropriate funding, elderly and disabled persons are at risk to be placed in nursing homes even though they could continue to live independently with limited assistance or ADA accessibility modifications. Participants were also concerned that are limited options for transitional housing for the recently paroled, victims of domestic violence, mentally ill, physically handicapped, and homeless or at risk of becoming homeless. Others cited a need for more permanent supportive housing. Participants felt that more public resources should also be identified and dedicated to homeless programs, shelters, and supportive services to the homeless and elderly. Participants were also concerned with limitations of rental housing for the disabled and a lack of emphasis on building code standards that require new home construction to meet “visitable housing” standards. Some were concerned that information on availability of ADA-compliant housing is not readily available to those in need. These standards include ensuring that at least one main entry, bathroom, downstairs bedroom, and a hallway are handicapped accessible.

Housing for the homeless and those persons at risk of becoming homeless was an important issue that the focus groups felt needed to be addressed. Housing for the homeless, victims of domestic violence and others are particularly needed due to the limited supply of shelter, transitional and permanent housing, and housing services in Arlington. Others were concerned with limitations in funding for existing homeless services agencies.

### **Public Transportation and Mobility**

Participants cited limited mobility and public transportation as impediments to housing choice. Concerns including identifying alternatives to public transportation since Arlington is not a member of an existing public transit authority. These limitations also included a concern for elderly and disabled persons in need of public transportation to access supportive services. Public transportation was deemed inadequate, for persons commuting to major employment centers in Arlington and in neighboring cities.

### **4.3. Other Issues and Solutions**

Attendees indicated a need to mitigate the impacts of increased incidents of discrimination or impediments to housing for persons with disabilities, renters with past criminal records or prior convictions for sexual abuse related crimes, those in need of special needs housing or facing evictions, foreclosures, and homelessness. Participants also voiced support for a greater emphasis on credit education and housing consumer counseling. Increased financial literacy courses taught in high schools was a best practice identified by the facilitator for the focus group session and well received by participants. Participants cited the need for additional funding for fair housing outreach, education and enforcement, fair housing training for landlords and homeowner associations and other groups at risk of violating fair housing law.

# V. Home Mortgage Disclosure Act Analysis

## Introduction

The Consumer Financial Protection Bureau (CFPB) gathers data on home mortgage activity from federal agencies that regulate the home mortgage industry. This data is publicly available by the Federal Financial Institutions Examination Council (FFIEC). The data contain variables of mortgage lending activity, such as race, income, census tract demographics, loan type, and loan purpose. The FFIEC provides access to the Home Mortgage Disclosure Act (HMDA) databases through their website for download and analysis. As of 2018, the CFPB has modified, expanded, and removed certain data under the revised HMDA rule adopted in October 2015. The most significant change impacting this analysis is the availability of 2018 HMDA mortgage lending data at the MSA/MD level, with selected data available at the city level.

The data reported in this section are summarized by a variety of methods. Tables 5.1 and 5.2 provide information for the City of Arlington and the Fort Worth-Arlington Metropolitan Division. Table 5.3 provides information for Arlington. Tables 5.3 and Charts 5.1, 5.2, and 5.3 present the data by census tract income groups. Maps 5.1 through 5.6 present data according to census tracts for Arlington.

### 5.1. Analysis

Table 5.1 examines home loan activities in Arlington from the HMDA database. The data are presented by loan type, ethnicity, income, and loan purpose. In the DFW metro area, White applicants represented the largest number of loan applicants at 72,374. Origination rates, the percentage of applications that result in actual loans, for White applicants were 56 percent. The next largest applicant group, persons selecting the “race not available” category, submitted 27,706 application with an origination rate of 32 percent. Hispanic applicants submitted

15,057 applications with an origination rate of 58 percent, followed by Black or African Americans with 9,169 applications submitted with an origination rate of 47 percent. Asian origination rates were about 52 percent, and there were 6,061 applications reported. High-income applicants (more than 120% of the median income) had the highest number of applications at 54,877, and the highest origination rate, at 63 percent. The number of applications and the origination rates drop significantly for all other income groups, with 8,155 applications from moderate-income applicants and an origination rate of over 57 percent. Conventional loans are the most common loan type with 89,140 applications and an origination rate of over 50 percent. 71,572 applications were for a home purchase with an origination rate of over 54 percent. Home improvement loans had an origination rate of about 39 percent with 6,946 loan applications. Refinance loans had a 44 percent origination rate with 14,135 applications. The newly added loan purpose categories “Cash-Out Refinance” and “Other Purpose” revealed a 49 percent origination rate with 18,370 applications submitted and a 33% origination rate with 5,292 submitted applications, respectively.

Isolating the census tracts within the City of Arlington, “Conventional” loans are also the most common type of applications at 5,107, with an origination rate of 69 percent. The origination rate for FHA loans was over 67 percent. In Arlington, there were 7,236 home purchase loan applications with an origination rate of 68 percent. Home Improvement loans had 1,120 applications with an origination rate of 35 percent. For refinance loans, the origination rate was about 51 percent based on 2,706 applications.

Table 5.2 displays the HMDA data for the same data on loan type, ethnicity, income, and loan purpose, with an added column for percentage of total originations for that category. For example, the percentage in the “% of Originations” column indicates that 77 percent of all loan originations in the metro area were for conventional loans even though only 50.4 percent of all applications were originated. For comparison, race and ethnic percentages were included

under the “% of originations” column to compare the percentage of originations by ethnic group to their percentage in the population.

Considering loan types, “Conventional” loans accounted for the highest percentage of all originations in that category, about 77 percent. FHA loans, which are government insured and have more stringent lending criteria, were about 15 percent of all originations, where the origination rates for FHA loans are about 43 percent versus approximately 50 percent for conventional loans.

For Race and Ethnicity categories, White applicants had the highest percentage of origination at 69 percent of the total originations in the metro area. For the total population, the white population is over 51 percent. Hispanic applicants represented over 15 percent of originations with slightly less than 27 percent of the total population. Asian applicants accounted for 5 percent of all originations, with 4.7 percent of the total population in the metro area. African American applicants accounted for about 7 percent of all originations, with about 13.8 percent of the total population.

Applicants earning more than 120% of the median income makes up about 50 percent of all loan originations, the highest percentage. In contrast, the very low-income group accounts for less than 8 percent of all originations.

The loan purpose data for the metro area shows that home purchase loans were the most frequent purpose at over 66 percent. Cash-Out Refinance loans accounted for over 16 percent of the originations. Home improvement loans accounted for about 5 percent of all originations.

In the City of Arlington, over 44 percent of all originations were from conventional loans. FHA loans were over 18 percent of all originations. Refinance loans were 34 percent of originations in the city.

Table 5.3 examines HMDA data that could indicate redlining within Arlington at the census tract level. Redlining refers to the practice of mortgage lenders avoiding certain locations because they have undesirable characteristics. The table also compares origination rates between minority and White applicants for the various loan purposes and income groups. Overall, loan denials are higher for minority applicants, especially very low income, compared to White applicants. For all loan purposes shown, White applicant origination rates are higher than minorities.

When considering income groups, minority application origination rates are 20 percent lower than White applicants in the two lowest income groups. Minority applicants with moderate income (81-95% MFI), have an origination rate 7 percentage points lower than White applicants. In the high-income group (>120% MFI), White applicant origination rates are almost 8 percentage points higher than other minority groups. Within each income group, Whites and minorities are not entering the loan markets with relatively equal incomes.

Chart 5.1 provides data on origination rates by census tract income for the loan types: Conventional, FHA, and VA. All types of loans had higher origination rates in higher income census tracts. Conventional and FHA loan types are the second and third highest origination rate in all income group of tracts. VA loan origination rates are the highest in every income group tract.

Chart 5.2 shows origination rates by ethnicity and income of the census tract. White and Asian applicants have the highest origination rates in all income groups of tracts.

Chart 5.3 looks at total loan applications by year. Conventional home loan applications peaked in 2018 with over 89,140, as did Home Purchase loan applications for the year. The highest number of FHA home loan applications were submitted in 2017. In 2017, over 38,174 refinance applications were recorded, compared to 7,296 for home improvement loans.

Map 5.1 and Maps 5.3 through 5.6 detail loan activity by census tract. The ratio of denials to originations was calculated for each loan purpose and loan type. Tracts shown in the darkest pink indicate those areas where at least 100 applications are denied for every 100 applications that are originated. The magenta color area indicates those areas where between 39 and 58 applications are denied for every 100 applications originated. The blue areas show 28 to 39 applications denied for every 100 applications originated. The light blue areas show 49 to 56 applications denied for every 100 applications originated.

Map 1.7 in the Community Profile section shows the median household income for Arlington by census tract. Considering Maps 5.1 and 1.7 together indicates that census tracts with a higher denial to origination ratio for all types of home loans generally coincide with lower income census tracts.

Map 5.2 shows the total number of loan originations by census tract. Less active areas are shown in the lighter colors, and the most active areas in darker colors. Unlike the other maps, the light areas are meant to indicate areas of concern, either for a lack of loan activity or for their low rate of application originations in relation to denials.

## **5.2. Conclusions**

In the metro area, the highest success in loan originations was in the home purchase loans and the least success was in home improvement loans. Overall, the origination rates among White applicants were higher than minority applicants for home purchase, home improvement, and refinance loans.

Home purchase loans were the most frequent loan type in the metro area and the City of Arlington. The percentage of loan applications and origination rates for African American and Hispanic applicants was lower than their respective percentages of the total population in the metro area. This analysis reveals two

issues, (1) lower origination rates among minority applicants despite submitting the most applications, and (2) the disproportionate loan denials rates between White applicants and some minority populations. One possible explanation for lower loan originations among minority applicants could be lack of credit history, poor credit history, or higher debt-to-income ratio. During 2018, most loan denials for all applicants were related to the applicants' credit history.

Although this analysis does not provide conclusive evidence of redlining, the data suggests that some characteristics of redlining may exist that negatively impact lending decisions and result in higher denial rates in very low-income census tracts in Arlington. Very low-income applicants would not be expected have a very high loan application approvals, however, the data shows that within the very low-income census tracts, even high-income applicants showed a poor approval rate. Due to very low number of applications in lower income census tracts, any conclusive determination of systemic redlining is impossible.

The higher denial rates for lower income groups, coupled with the possibility of redlining may be adversely impacting originations in lower income concentrated census tracts, and are indicators of fair housing impediments.

Overall, lending activity has remained stable in recent years and the outlook remains positive for lending in Arlington due to lower interest rates available for borrowers to buy or refinance higher interest loans.

**Table 5.1**  
**Home Mortgage Disclosure Act (HMDA) Analysis**  
**Comparison of Originations Within Categories**  
**Fort Worth – Arlington Metropolitan Division 2018**

<b>Loan Type:</b>	<b>Number of Apps</b>	<b>Loans Originated</b>	<b>Origination %</b>
Conventional	89,140	44,990	50%
FHA	20,031	8,637	43%
VA & Other	9,176	4,579	50%
USDA	366	140	38%
<b>Total</b>	<b>118,713</b>	<b>58,346</b>	

<b>Loan Purpose</b>			
Home Purchase	71,572	38,568	54%
Home Improvement	6,946	2,719	39%
Refinance	14,135	6,167	44%
Cash Out Refinance	18,370	9,079	49%
Other Purpose	5,292	1,768	33%
Not Applicable	2,398	45	2%
<b>Total</b>	<b>118,713</b>	<b>58,346</b>	

<b>Race</b>			
American Indian or Alaska Native	793	337	42%
Asian	6,061	3,182	52%
Black or African American	9,169	4,271	47%
Native Hawaiian or Other Pacific Islander	287	94	33%
White	72,374	40,247	56%
2 or more minority races	175	83	47%
Joint	2,116	1,221	58%
Free Form Text Only	32	5	16%
Race Not Available	27,706	8,906	32%
<b>Total</b>	<b>118,713</b>	<b>58,346</b>	

<b>Ethnicity</b>			
Hispanic	15,057	8,785	58%

<b>Income</b>			
<51% median (very low)	9,987	4,510	45%
51-80% median (low)	16,897	9,746	58%
81-95% median (moderate)	6,154	3,825	62%
96-120% median (middle)	16,763	10,425	62%
>120% median (high)	44,502	28,596	64%

Table 5.1: Source: Home Mortgage Disclosure Act (HMDA)

**TABLE 5.2**  
**Home Mortgage Disclosure Act (HMDA) Analysis**  
**Comparison of Originations Within Categories**  
**Fort Worth – Arlington Metropolitan Division 2018**

<b>Loan Type:</b>	<b>Number of Apps</b>	<b>Loans Originated</b>	<b>Origination %</b>	<b>% Of Originations</b>
Conventional	89,140	44,990	50%	77%
FHA	20,031	8,637	43%	15%
VA & Other	9,176	4,579	50%	8%
USDA	366	140	38%	0%
<b>Total</b>	<b>118,713</b>	<b>58,346</b>		
<b>Loan Purpose</b>				
Home Purchase	71,572	38,568	54%	66%
Home Improvement	6,946	2,719	39%	5%
Refinance	14,135	6,167	44%	11%
Cash Out Refinance	18,370	9,079	49%	16%
Other Purpose	5,292	1,768	33%	3%
Not Applicable	2,398	45	2%	0%
<b>Total</b>	<b>118,713</b>	<b>58,346</b>		
<b>Race</b>				
American Indian or Alaska Native	793	337	42%	1%
Asian	6,061	3,182	52%	5%
Black or African American	9,169	4,271	47%	7%
Native Hawaiian or Other Pacific Islander	287	94	33%	0%
White	72,374	40,247	56%	69%
2 or more minority races	175	83	47%	0%
Joint	2,116	1,221	58%	2%
Free Form Text Only	32	5	16%	0%
Race Not Available	27,706	8,906	32%	15%
<b>Total</b>	<b>118,713</b>	<b>58,346</b>		
<b>Ethnicity</b>				
Hispanic	15,057	8,785	58%	15%
<b>Income</b>				
<51% median (very low)	9,987	4,510	45%	8%
51-80% median (low)	16,897	9,746	58%	17%
81-95% median (moderate)	6,154	3,825	62%	7%
96-120% median (middle)	16,763	10,425	62%	18%
>120% median (high)	44,502	28,596	64%	50%

Table 5.2: Source: Home Mortgage Disclosure Act (HMDA)

**Table 5.3**  
**Analysis of Home Mortgage Disclosure Act Data**  
**HMDA Activity for Fort Worth- Arlington Metropolitan Division**  
**Minority Origination Compared to White**

<b>Minority</b>				
<b>Income</b>	<b>Loans Originated</b>	<b>Origination %</b>	<b>Loans Denied</b>	<b>Loan Denial %</b>
<51% median (very low)	1,682	41%	1,568	38%
51-80% median (low)	3,960	55%	1,655	23%
81-95% median (moderate)	1,427	58%	473	19%
96-120% median (middle)	3,558	59%	1,164	19%
>120% median (high)	7,430	59%	2,120	17%
<b>White</b>				
<b>Income</b>				
<51% median (very low)	3,552	54%	1,923	29%
51-80% median (low)	6,787	61%	2,016	18%
81-95% median (moderate)	2,603	65%	588	15%
96-120% median (middle)	7,091	65%	1,582	15%
>120% median (high)	19,752	67%	3,764	13%

Table 5.3: Source: Home Mortgage Disclosure Act (HMDA)

Chart 5.1: Origination Rates by Loan Types by Income of Census Tracts

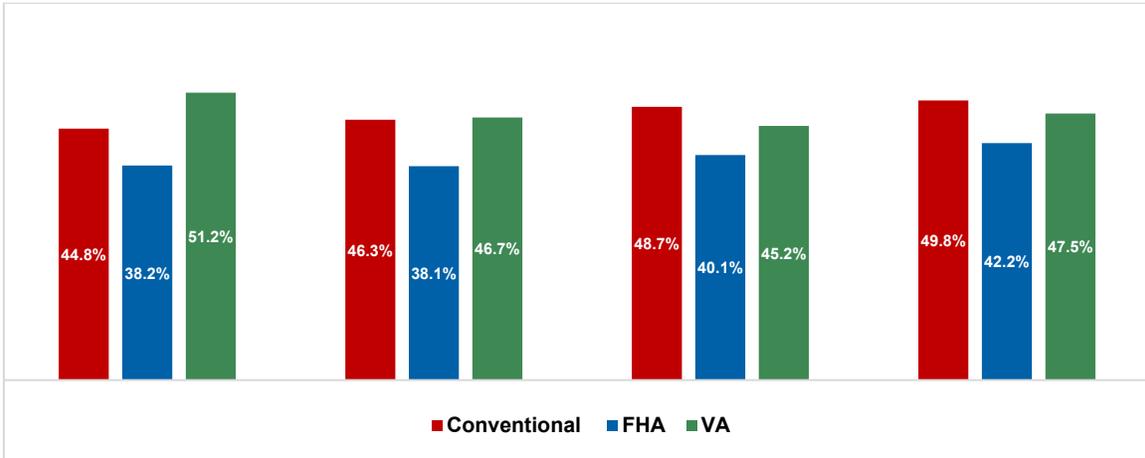


Chart 5.1: Source: Home Mortgage Disclosure Act (HMDA)

Chart 5.2: Origination Rates by Ethnicity by Income of Census Tracts

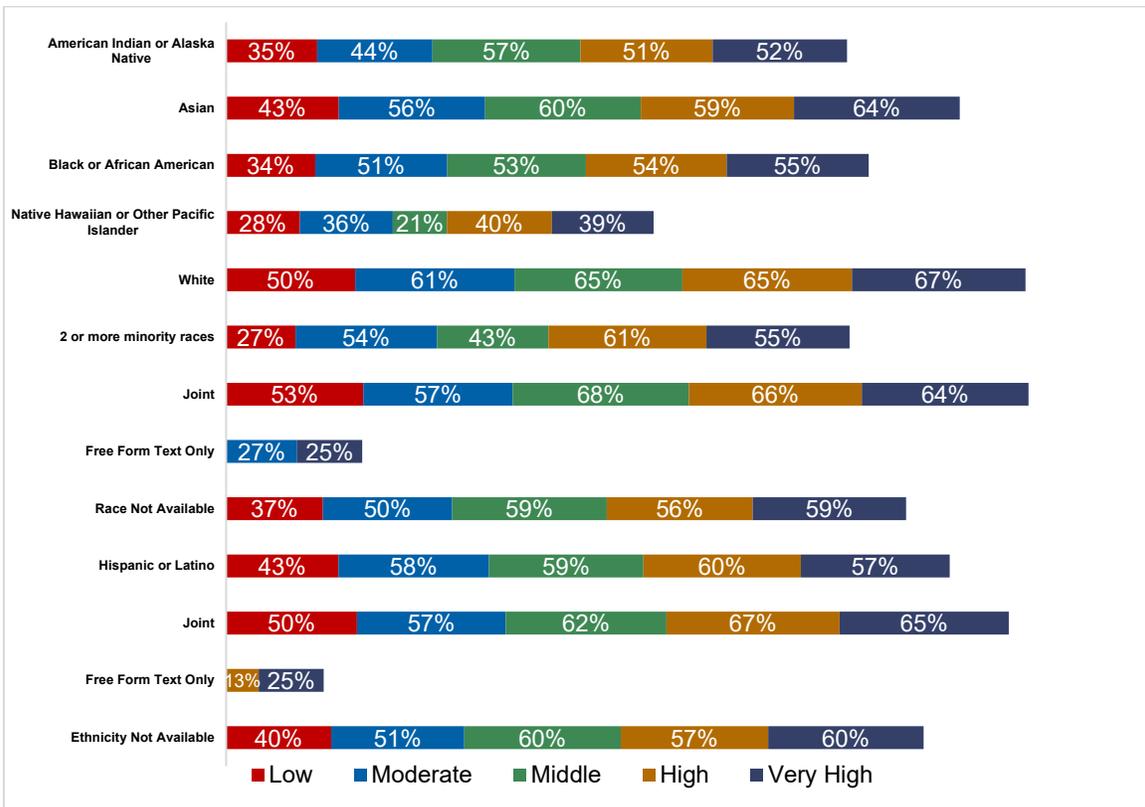


Chart 5.2: Source: Home Mortgage Disclosure Act (HMDA)

Chart 5.3 Total Applications by Year

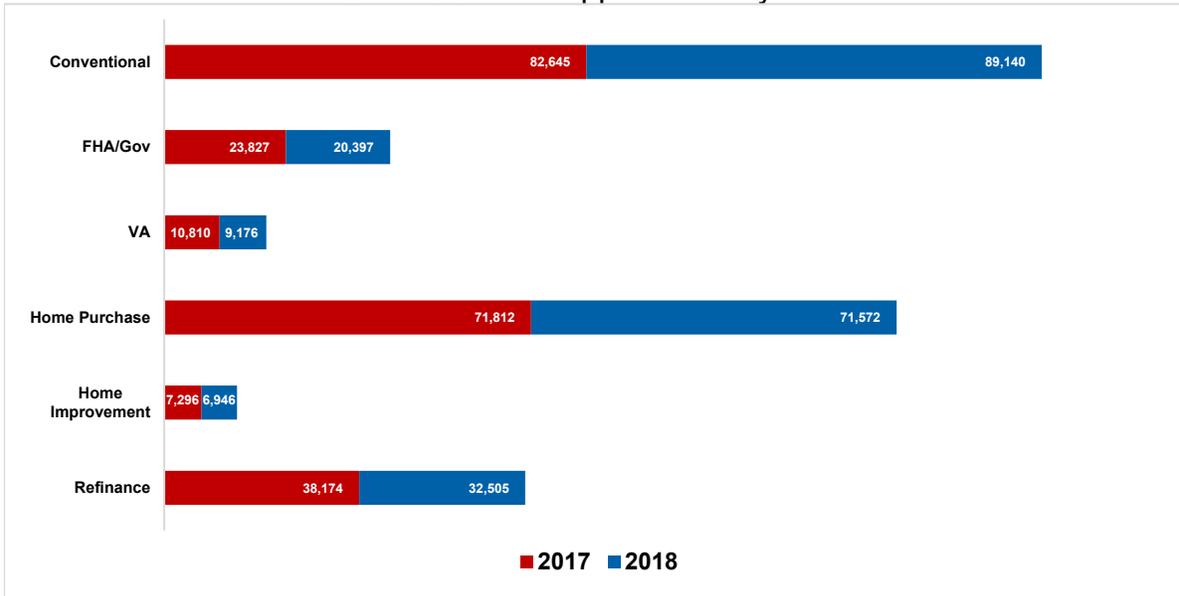
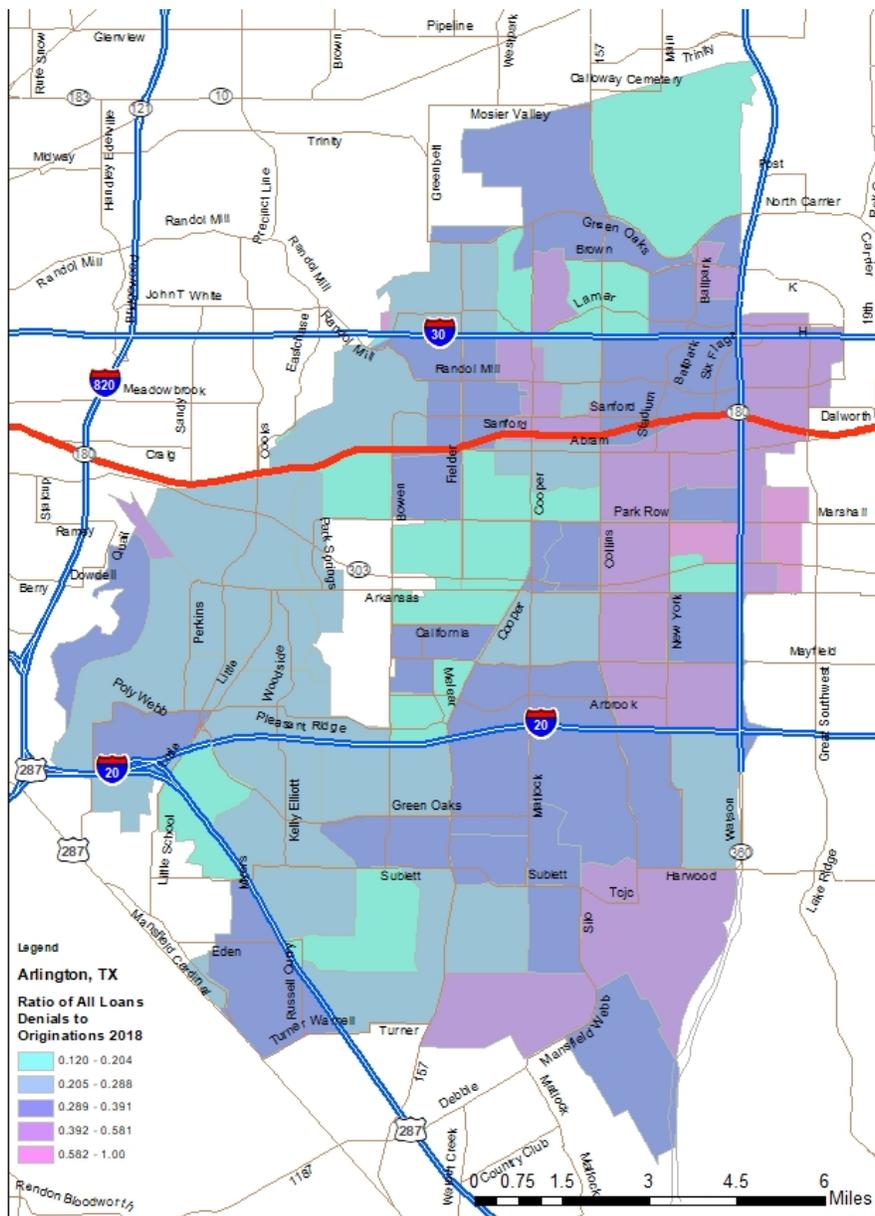


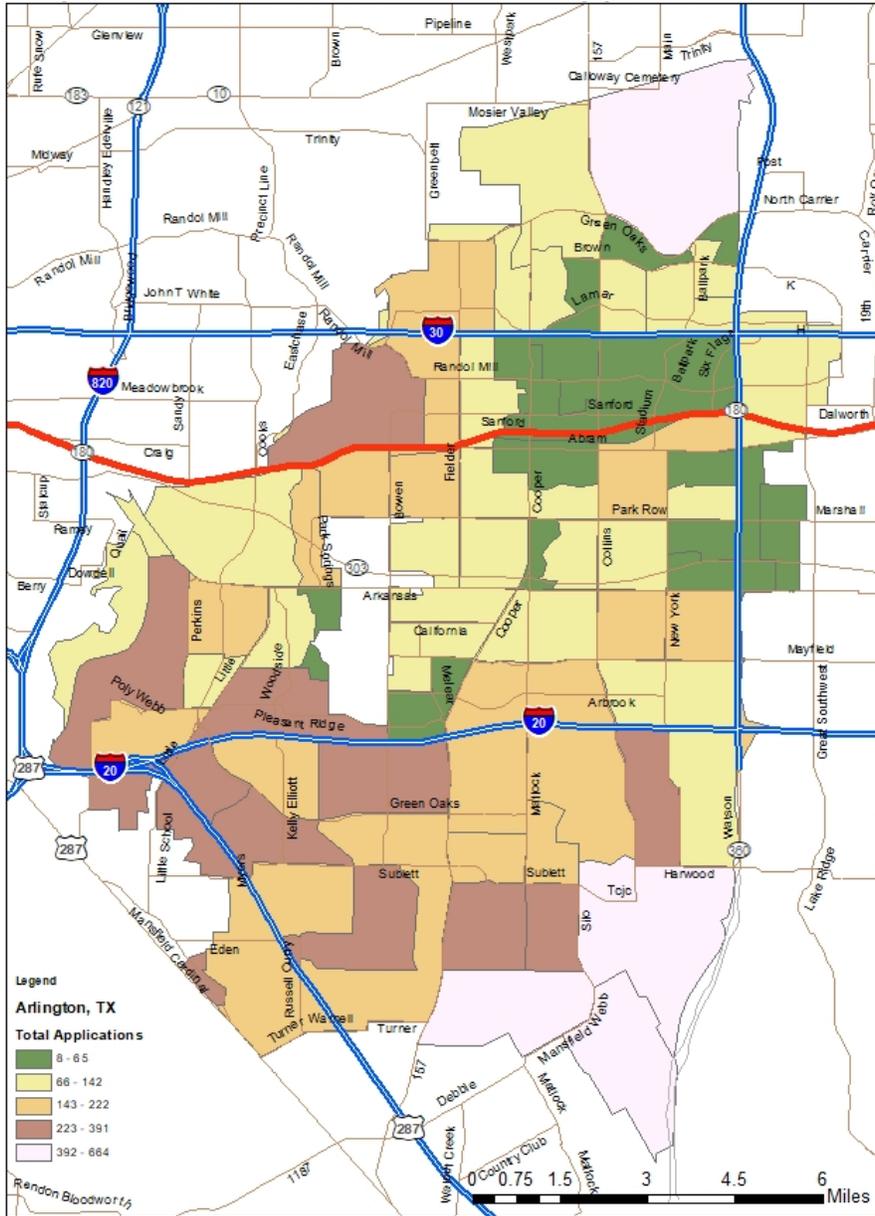
Chart 5.3: Source: Home Mortgage Disclosure Act (HMDA)

**Map 5.1: Ratio of All Loan Denials to Originations 2018**



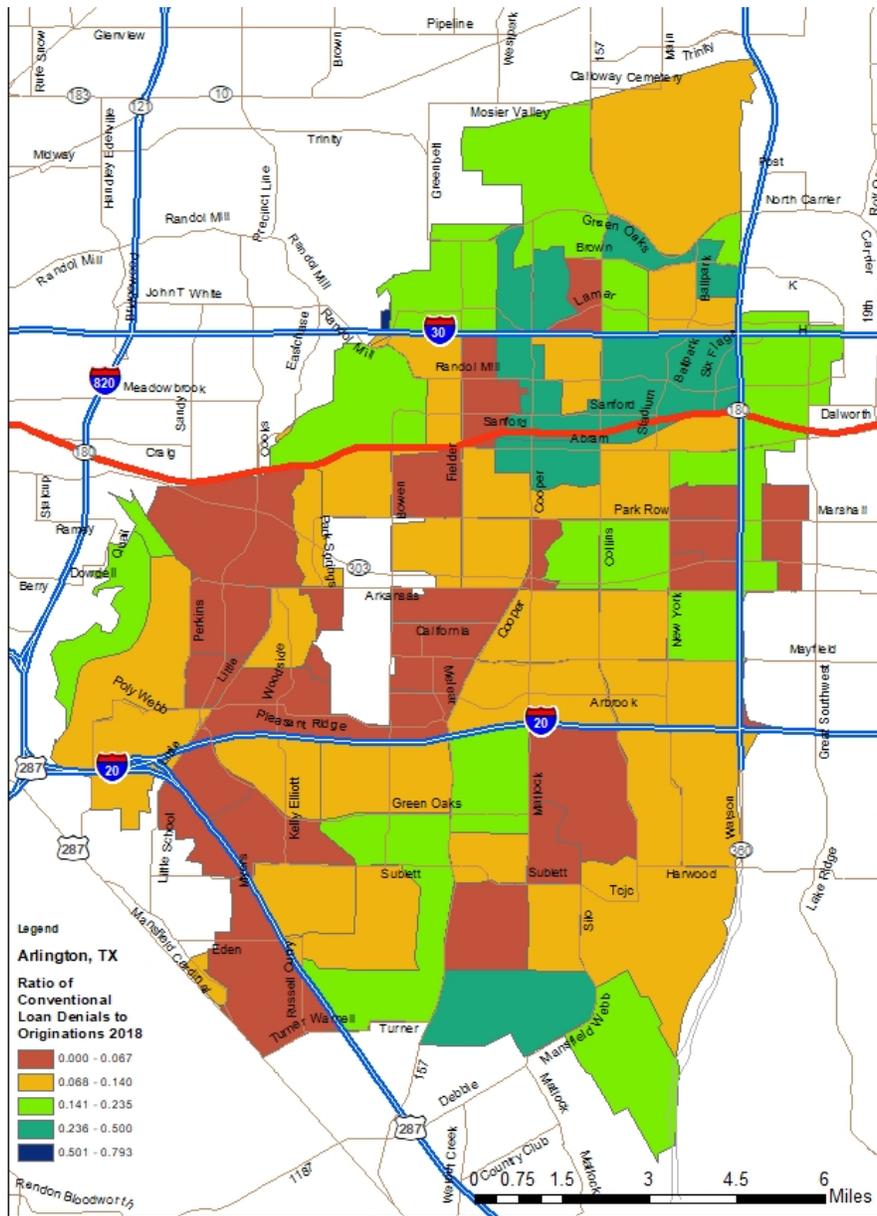
Map 5.1: Source: Home Mortgage Disclosure Act (HMDA)

**Map 5.2: Total Number of Loan Applications 2018**



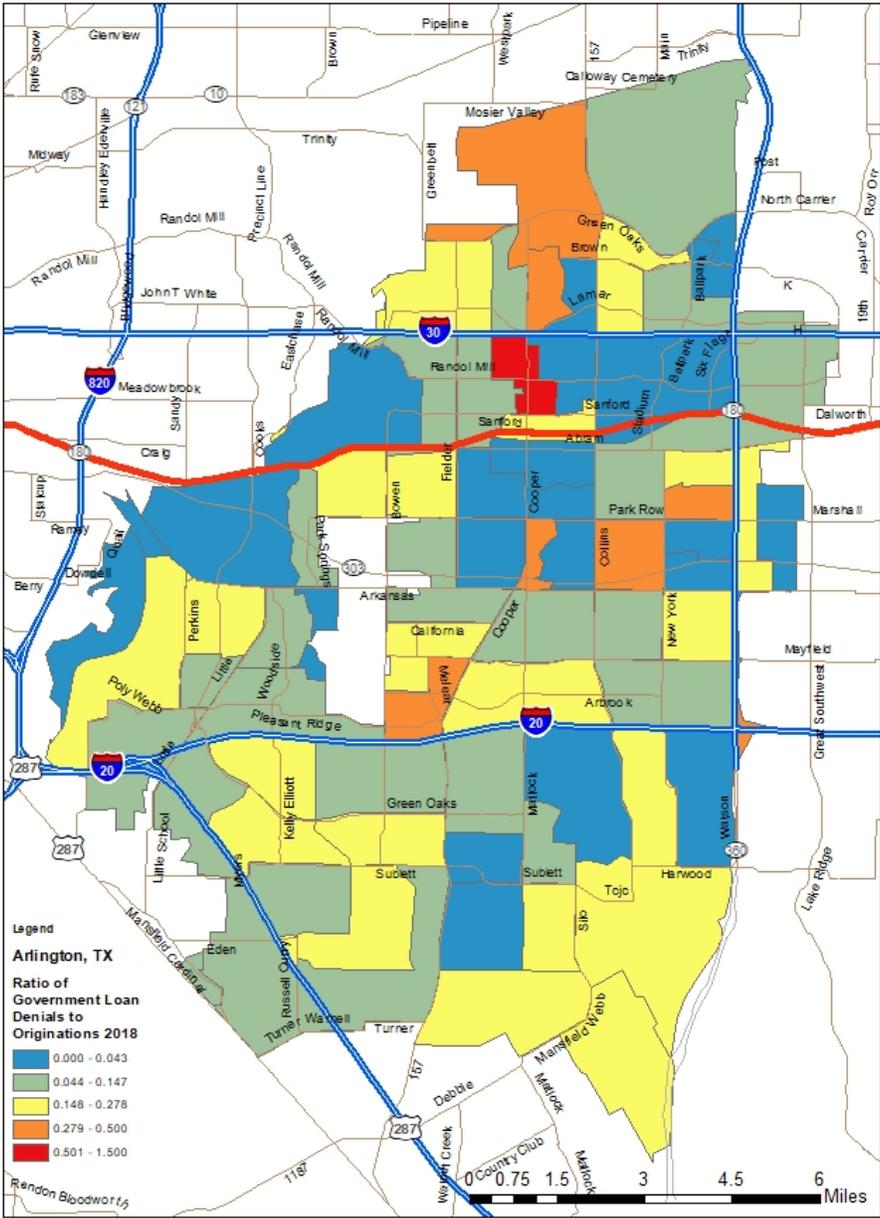
Map 5.2: Source: Home Mortgage Disclosure Act (HMDA)

**Map 5.3: Ratio of Conventional Loan Denials to Originations 2018**



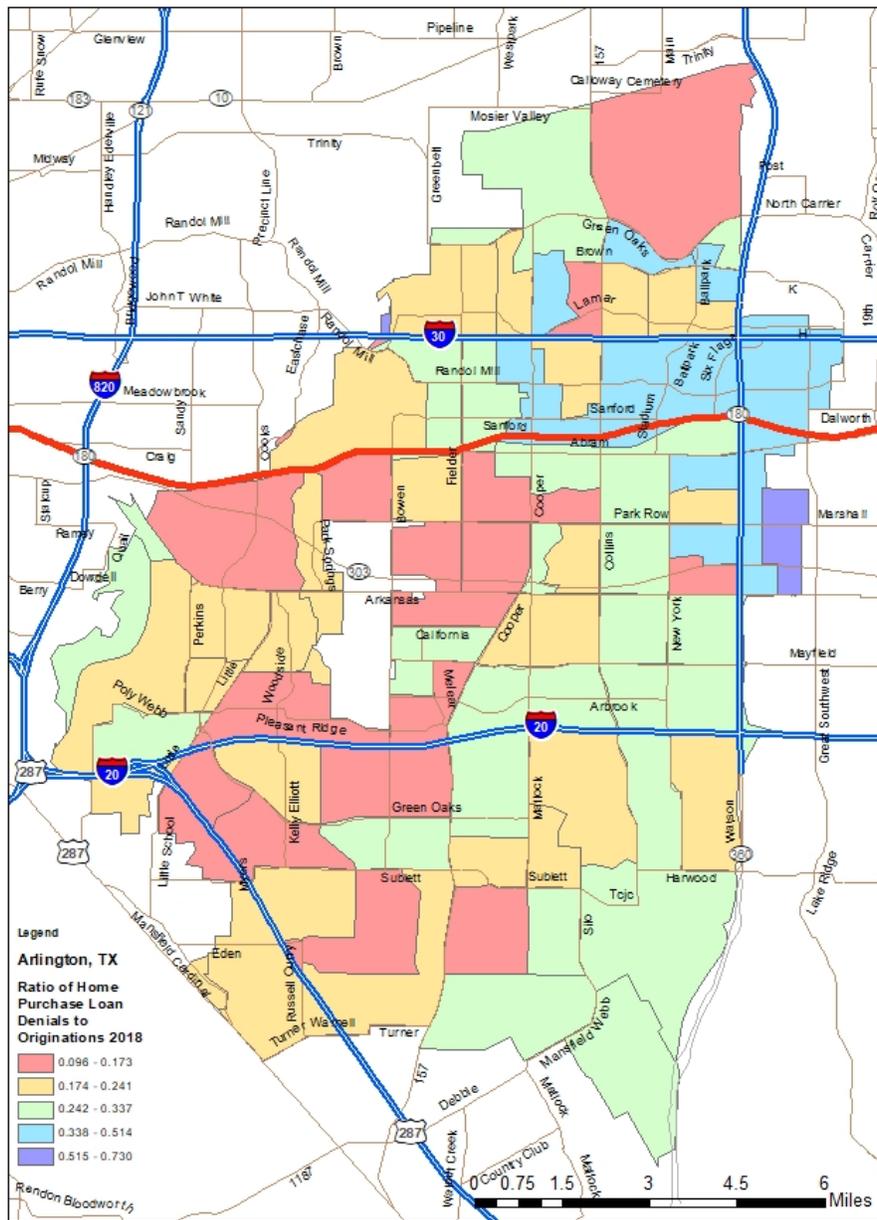
Map 5.3: Source: Home Mortgage Disclosure Act (HMDA)

**Map 5.4: Ratio of Government Loan Denials to Originations 2018**



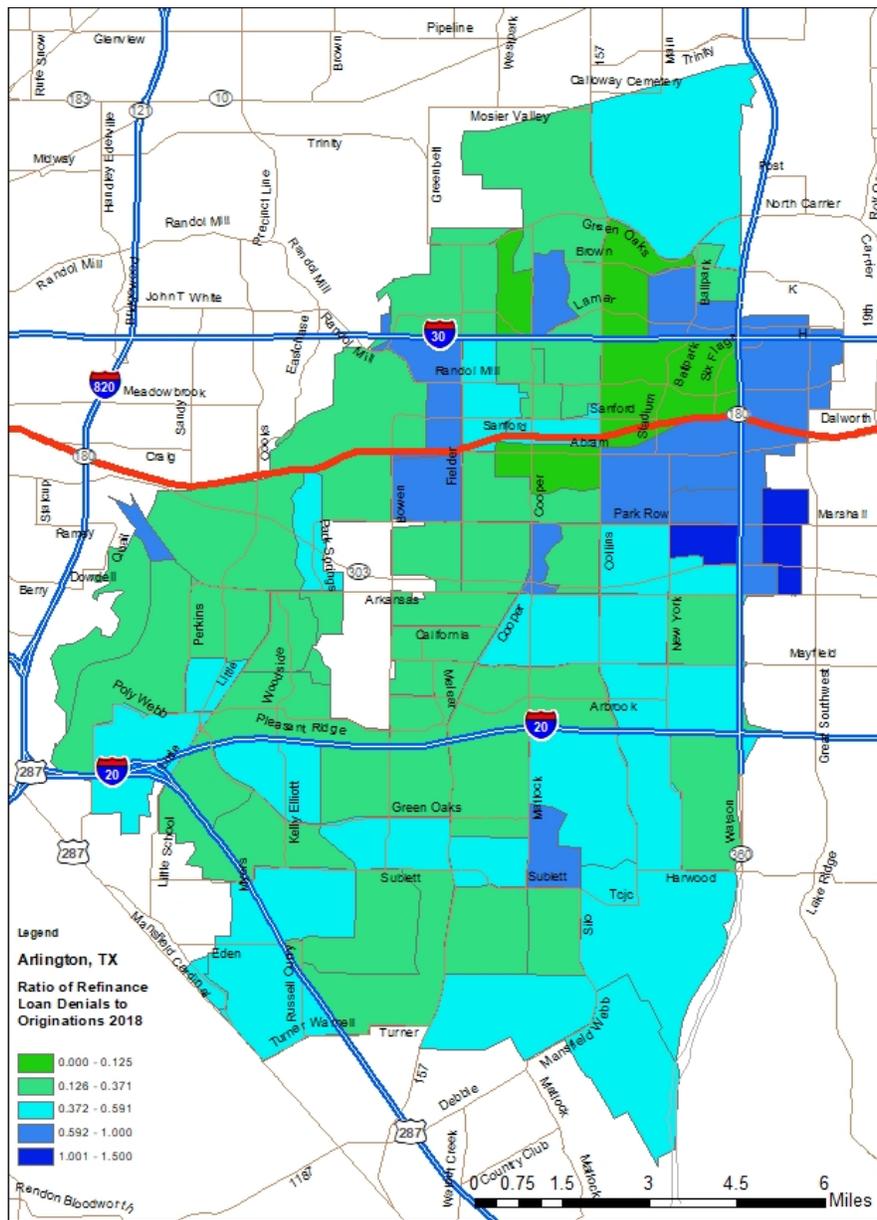
Map 5.4: Source: Home Mortgage Disclosure Act (HMDA)

**Map 5.5: Ratio of Home Purchase Loan Denials to Originations 2018**



Map 5.5: Source: Home Mortgage Disclosure Act (HMDA)

**Map 5.6: Ratio of Refinance Loan Denials to Originations 2018**



Map 5.6: Source: Home Mortgage Disclosure Act (HMDA)

# VI. Fair Housing Impediments, Goals, and Priorities for 2020 - 2024

## **2020 - 2024 Analysis of Impediments to Fair Housing Choice**

This section identifies existing impediments to fair housing choice in Arlington based on the information collected and analyzed in previous sections, and also recommends remedial actions and best practices. Impediments are reported in five categories: A) Real Estate; B) Banking, Finance, and Insurance; C) Socio-Economic; D) Neighborhood Conditions; and E) Public Policy. For each impediment category, issues and impacts are detailed. Remedial actions are recommended, when appropriate, to address each impediment. Some of the remedial actions and recommended goals are conceptual frameworks for addressing the impediments. Conceptual actions and goals may require further research, analysis, and program design by the City prior to implementation.

### **Goals and Remedial Activities designed to address impediments**

The recommended remedial actions and goals are intended to create public-private partnerships, identify new federal resources, and leverage private funding needed to enhance the ability of the City of Arlington and Arlington Housing Authority to increase the supply of affordable housing. Additional focus is needed on policies and programs for low- and moderate-income households and protected class members under the Fair Housing Act. Remedial actions are recommended as a means of reversing negative and disparate impacts of market conditions and mortgage lending trends on minorities and members of the protected classes under the federal Fair Housing Act, including sub-prime lending, credit and collateral deficiencies impacting loan origination rates, poverty, unemployment, and income. Goals were prioritized with input from the public. The following section describes identified impediments, provides an analysis of relevant data, recommends remedial actions, and prioritizes goals for addressing impediments to fair housing.

## **Impediments by Category**

### **A) Real Estate**

1. Limited housing affordable to very low-income groups and protected classes.
2. Rising cost of development and need for additional development subsidies.

### **B) Banking, Finance, and Insurance**

3. Low number of loan applications and loan originations rates for minorities.
4. Predatory lending practices.

### **C) Socio-Economic**

5. Special needs populations with disproportionate rate of lower incomes, barriers to housing choice and improved access to transportation.
6. Concentrated poverty and higher incidence of minorities with lower incomes and limited housing choice in identified Racially and Ethnically Concentrated Areas of Poverty (RECAP) Areas.
7. Limited access to healthy food choices for minorities leading to nutrition related diseases such as diabetes and heart disease.

### **D) Neighborhood Conditions**

8. Limited number of available affordable housing units and resources to help low-income owners maintain their homes and enhance neighborhood stability.

### **E) Public Policy**

9. Limited outreach, public awareness, and enforcement of fair housing rights.

## **Real Estate Impediment No. 1: Limited housing affordable to very low-income groups and protected classes**

In general, limitations relative to fair housing choice are more commonly found to affect housing decisions among low-income persons and special needs populations. Lower income, poverty, and limited resources to make housing affordable impact fair housing choice for low-income, minority, and senior populations. Overall, the income distribution data show a higher proportion of low-income households within African American and Hispanic communities.

According to the 2014-2018 ACS five-year estimate, seniors age 65+ were 17.0 percent (23,310) of total Arlington households. Overwhelmingly, Arlington households with seniors 65 or over are homeowners, at 73 percent. The ACS also estimates approximately 30 percent (3,107) of total senior households have an income of \$75,000 or more, not including equity in existing homes, investments, and other resources. The median income of senior households is \$52,308. This translates into household earnings qualifying buyers for homes priced at \$240,000 or more. Based on the Balanced Housing Model, senior owner households age 65+ are expected to increase another 5,285 units by 2025. The median housing value according to 2018 American Community Survey (ACS) in Arlington was \$188,800. According to the Arlington Board of Realtors, the average sales price for the 3rd quarter ending September 2019 was \$239,052. The 55+ active senior product is mainly accessible to seniors with incomes above \$50,000. Given the high percentage of senior homeowners and/or seniors having income sufficient to afford 55+ senior housing, and a projected increase in such households by 2025, active adult senior housing is attractive for the Arlington housing market.

### **Remedial Actions and Best Practices:**

Increased emphasis on developer partnerships is needed to assist with the rehabilitation of existing residential structures in marginal or poor condition, and to build replacement units on vacant lots. Existing residential is an essential component of the single-family affordable housing supply for both owner-occupied and renter-occupied units. It is evident that there is a need for infill housing on vacant lots and rehabilitation of existing multi-

family housing in several neighborhoods. Arlington currently operates several programs providing assistance for low- and moderate-income households to improve their properties or become homeowners. Other programs assist rental housing providers to maintain existing rental units. Programs are successful but limited by funding levels. The City should explore opportunities to coordinating funding between CHDO and non-profit development organizations, tax abatements, building and permitting application fee waivers, and continue establishment of Public Improvement Districts (PIDs) and Tax Increment Financing Districts (TIFs) to pay for infrastructure. The city should also continue to explore the establishment of a 4B Economic Development Corporation and use the funding to support infill housing development.

**Employer Assisted Housing** - The City can consider working with local employers to develop Employer Assisted Housing (EAH) as a means of creating homeownership opportunities for the workforce. It is vital for major employers and financial institutions to promote wage levels adequate for people to enter homeownership without down-payment and other assistance. City governments and school districts should also consider initiating programs to assist qualified employees to become homeowners. The City can coordinate with major employers and lenders to design and aid firms in the implementation of EAH programs, encouraging employers to work with employees in their efforts to purchase housing in Arlington.

EAH programs benefit employers, employees, and the community. Employers benefit through greater employee retention. Employees become homeowners. Ultimately, communities benefit through investment in the neighborhoods where the employers and employees are located. The most common benefits provided by employers are grants, forgivable loans, deferred or repayable loans, matched savings, interest-rate buy-downs, share appreciation, and employer-funded homebuyer education. Successful EAH programs use a combination of the benefits listed above. As an example, Fannie Mae initiated their own EAH program to help employers implement EAH programs. The Fannie Mae EAH program has made it possible for 2,200 employees to become homeowners. Seventy-six (76%) percent of all Fannie Mae employees own their own homes, compared to the national average of sixty-eight (68%) percent.

**55+ and Active Senior Housing Development** – The Dallas-Fort Worth-Arlington MSA has been successful in attracting 55+ Active Senior Housing Developments. This housing type is primarily a private sector development requiring little or no government subsidy to produce. Seniors/active adults with household incomes and financial means are increasingly choosing 55+ active adult communities to meet their housing needs. This type of housing capitalizes on a sector of aging homeowners who are exchanging larger, older homes for communities that combine world-class resort amenities with new luxury homes with little to no maintenance. Community amenities include golf courses, club house facilities, recreation, health clubs, classes, and social opportunities allowing them to enjoy an exceptional way of life. Seniors who can afford housing in these developments generally want to personalize new homes to suit their preferences and lifestyle with the flexibility to create the living space and life of their dreams.

**Cottage Housing** - An option for addressing the needs of elderly homeowners may include more modest rental or owner housing. Many elderly homeowners are over-housed once their children have left home. While this is not always a problem, once a homeowner can no longer care for a larger home, something smaller and lower maintenance may be more appropriate. Some seniors are reluctant to move for fear of losing familiar surroundings and social networks. Small neighborhood cottage housing developments can address these housing needs. Instead of making expensive repairs to a housing unit that may be occupied by only one or two persons, seniors can transition to a smaller unit, relieving them of the burden of the larger home. The home could then be rehabilitated and sold to a larger household through a new homebuyer program. Cottage housing is a viable alternative to a grant-funded rehabilitation when an elderly applicant is living in unsafe conditions and the rehabilitation costs exceed the projected value of the completed structure. There may also be applicants who, because of limited federal funding, will have to wait years for assistance because their application is on a long rehabilitation program waiting list.

## **Real Estate Impediment No. 2: Rising cost of development and need for additional development subsidies**

Resources are needed to expand housing development and housing types in areas where they are limited. Resources are also needed to reduce cost of development and address impediments constraining new housing production and housing choice. In central Arlington, acquiring land potentially available for affordable housing is complicated by the number of vacant, private, and adjudicated properties that cannot be redeveloped due to various legal constraints and tax encumbrances. As a result, new residential infill development is challenging and costly.

Renovations are not cost effective in some instances when developing and renovating affordable housing. Construction costs, which includes materials and labor, have increased due to market demand and recent natural disasters. Renovation of existing multifamily development is constrained by the cost-benefit of renovation compared to replacement cost. Many multifamily housing units, especially in Central Arlington, are in need of rehabilitation, and may be near other properties in substandard condition. A particular focus is needed on these properties in R-ECAP and NRSA areas where mixed income projects are needed to de-concentrate lower income areas of the city.

### **Remedial Actions and Best Practices:**

#### **Consider Texas Economic Development 4B Funding in Support of Homeownership**

While younger demographics currently have a homeownership rate of 13 percent, they are expected to favor homeownership as they age, marry, and have families. Many will still prefer rental housing located in mixed use districts, entertainment districts in and around downtown. The Arlington Downtown Master Plan and Neighborhood Revitalization Strategy Area Plan creates a vision for transforming and revitalizing the downtown and target areas through reinvestment in housing, infrastructure, and economic development. In the City of Port Arthur, Texas, the Downtown Revitalization Plan adopted in 2018 outlines a strategic plan for the recommended development of 30 to 60 new housing units over the next 3 to 6 years utilizing Port Arthur Economic Development Corporation (PAEDC) Section 4B Financing, Community Development Block Grants (CDBG), and Home Investment Partnership Fund (HOME) Entitlement

Grants designed to leverage private investment. This housing development initiative has been the catalyst to attracting additional private sector investment in housing, business, and commercial development, creating jobs, economic opportunity, and sustainable neighborhoods in the target area and surrounding neighborhoods. Approximately 40 units were completed, under construction, or under site development as of 2020.

**Zoning Regulations and Development Incentives** - Regulatory options include revising regulations the Unified Development Code (UDC) to ensure compatible land uses and development options in support of sustainability and resiliency for affordable housing projects. The City of Arlington has adopted building and code enforcement regulations, and local officials must continue to aggressively address substandard housing conditions, abandoned or obsolete commercial structures, and adverse land uses that may contribute to the decline of a neighborhood or area. Developer incentives may be needed to encourage the development of a mix of housing types that are affordable to persons with diverse incomes and housing needs. Recommendations include consideration of enacting regulations for incentivized zoning, and city incentives for tax abatement, development subsidies and a variety of federal entitlement program funding to encourage housing development.

The City can facilitate mixed income developments to increase access to below-market-rate units. The City can also maintain and make available a list of lenders and affordable housing resources to leverage home buyers' access to below-market-rate loans and locally sponsored down-payment and mortgage assistance programs. Greater collaboration between the City, Arlington Housing Authority, local banks, developers, and non-profit organizations is needed to expand affordable housing and economic development and encourage private sector support for affordable housing initiatives in the central city and Neighborhood Revitalization Strategy Areas (NRSAs). Other resources include the State of Texas and non-entitlement grant resources to increase funding for housing development, mortgage assistance and to encourage private sector support for affordable housing initiatives.

### **Banking/Finance Impediment No. 3: Low number of loan applications and loan originations rates for minorities**

The housing market analysis revealed significant affordability gaps in ownership and rental units. The housing supply and demand analysis for owner units in Arlington show significant gaps in the affordable supply for all household income categories, except for moderate-income households. Affordability rates within the extremely low- and very-low household income categories are expected, as ownership within these income levels is cost prohibitive. However, the large gap in the supply of owner units compared to demand within some upper household income price ranges (\$75,000 to \$150,000) is less common, and indicates the general unavailability of preferred owner units for households earning more than 121 percent MFI in Arlington.

The housing supply and demand analysis for renter units in the City shows a significant gap in the supply of affordable renter units for extremely low households and sizeable gaps within moderate and upper household income categories. The median income of renter households in 2018 was \$39,592 with 26 percent of households experiencing cost burden (30% or more) and 23 percent experiencing severe cost burdened (50% or more). The largest proportion of rental units in Arlington were 1-bedroom units with an average rental rate of \$893, followed by 2-bedroom units with an average rental rate of \$1,141. Using the standard 30 percent of income to determine housing affordability, the annual household income needed to afford an average 2-bedroom rental unit in Arlington is about \$59,000, well above the median household income of renters.

The demographic characteristics of the population is a major factor influencing future housing needs. Seniors are the fastest growing segment of the population and are expected to account for a substantial portion of the projected housing units needed by 2025. The Texas Demographic Center projects a 116% percent increase in senior population from 2010 to 2030 - by far the fastest growing group among all age ranges. The substantial growth can be seen in Arlington as senior households increased from 16,722 in 2010 to 23,310,203 in 2018.

The millennial generation is expected to grow at a slower pace and have fewer children. The housing needs of seniors and millennials, the two largest growth groups, will be similar, likely seeking smaller housing units near amenities, families, and friends. Thus, there is the potential demand for higher density and mixed-use development near work, shopping, and entertainment centers. The need for rental units is likely to be significant, especially for the millennials and seniors who face economic/income challenges.

Housing preferences for millennials are expected to change over time, with some seeking larger single-family units in a suburban setting as they start families. Larger suburban homes are also more likely to appeal to recent immigrants preferring to reside in areas near similar ethnic or cultural groups that can accommodate large or extended families. Thus, the market for larger single-family units will continue, though perhaps at a lower rate in Arlington. Based on price point, many are likely to seek existing housing in established and revitalizing neighborhoods but will demand updated amenities in areas showing signs of revitalization. Areas including Central Arlington and NRSA neighborhoods could become a primary location of affordable renter and owner-occupied housing for households earning less than \$50,000 per year.

In addition to population growth, demographics, household characteristics, and housing preferences among seniors and millennials, jobs and income levels will influence housing needs and desired housing types. Arlington has a broad and stable economic base. Office and administrative support occupations, sales and related occupations, production occupations and food preparation, and transportation occupations dominate employment opportunities in Arlington with 85,000 to 100,000 jobs each. By 2026, the total number of jobs in these industries are expected to grow by 16.8 percent, accounting for 45 percent of total jobs according to Texas Labor Market data. Healthcare support occupations, healthcare practitioners and technical occupations, computer and mathematical occupations, and personal care and service occupations are expected to top all other industries in growth by year 2026. These industries are projected to increase annually by over 2 percent. Despite job growth, wages are not keeping pace with housing affordability. Currently, the per capita earnings for employed persons in Arlington is \$27,531 and median household income is \$58,502. Approximately 28.5 percent of households earn

less than \$35,000 and 42.1 percent earn less than \$50,000. According to Census Wages and income remain somewhat stagnant and economists are not certain when the economy will show an increased per capita wage earnings that keep pace with housing cost. The job growth anticipated by the Texas Workforce Commission indicates that the fastest growing jobs will be predominantly low-paying positions.

#### **Banking/Finance Impediment No. 4: Predatory lending practices**

Predatory lending practices are aggressively absorbing the market formerly controlled by FDIC insured banks and other reputable financial institutions, often becoming lenders of choice in low income and minority concentrated areas. Persons facing economic hardships are preyed upon due to their inability to qualify for traditional lending and banking services. In other instances, consumers are victims to lenders using underwriting criteria that fails to adjust ratios or provide funding with more favorable terms.

#### **Remedial Actions and Best Practices**

**Engage Legitimate Lending Institutions** - In response to the impacts of predatory lending, Arlington should encourage lending institutions to expand banking services in low-income census tracts and provide outreach to low-income and minority households. Lending institutions should also offer products and services to establish or reestablish checking, saving, and credit accounts for residents that commonly use check cashing services to lessen the use of predatory lenders.

**Financial Literacy** - The City should identify increased funding for homebuyer outreach and education, credit counseling and financial literacy to increase the number of minority applicants for home loans. The first consideration to increase homeownership rates should include improving the financial literacy and home buying preparedness of potential buyers. Banks and credit agencies work with buyers to educate them on home ownership responsibilities. Homebuyer education classes are already a pre-requisite for homebuyer assistance programs providing down payment assistance; however, the 18 to 35-year-old demographic is impacted by a lack of financial literacy as well. An early start in managing

personal finances can prepare individuals for major purchases, including a home. The City should consider working with local school districts to increase financial literacy courses for high school juniors and seniors. Local lending institutions and real estate professionals should be recruited to assist in curriculum development and to provide instructors for the classes. The City may consider working with school districts to identify funding for pilot programs.

**Job Expansion** - The City and local Chamber of Commerce should continue to work on expanding job opportunities through the recruitment of corporations, incentives for local corporations seeking expansion opportunities, and other activities aimed at reducing unemployment and expanding the base of higher income jobs. The City, in conjunction with the Chamber, should actively support recruiting industries that match the demographics of populations experiencing high unemployment as a means of decreasing poverty rates and increasing incomes and home ownership rates.

Continue to expand job opportunities through the recruitment of corporations and industries paying living wages, the provision of incentives for local corporations and industry seeking expansion opportunities, and assistance with the preparation of small business loan applications, and other activities whose aim is to reduce unemployment and expand the base of higher income jobs. The City, in conjunction with local business interest, should continue to actively recruit industries that match the demographics of the populations most unemployed, as a means of improving poverty rates, incomes and home ownership rates in the City.

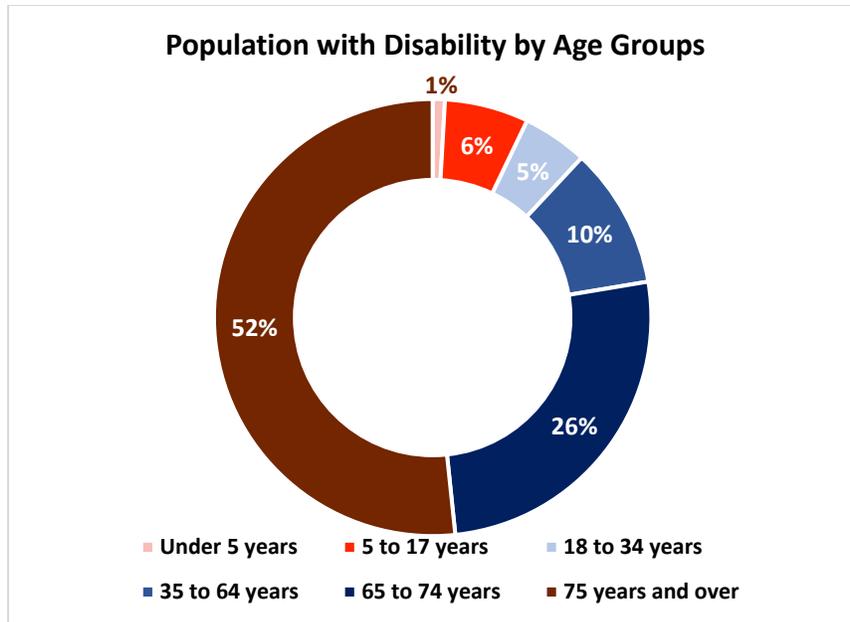
**Socio-Economic Impediment No. 5: Special needs population with disproportionate rate of lower incomes, barriers to housing choice and improved access to transportation**

Special needs populations include seniors, persons experiencing homelessness, persons with HIV/AIDS, and persons with disabilities. Special needs populations face a disproportionate rate of barriers to fair housing choice. Common disadvantages faced by many special needs households are the impacts of living in poverty, lost

wages, and living on low, fixed, or no income. These limitations prevent special needs persons from exercising housing choice. Minority and special needs populations are hardest hit by poverty and lower income. Challenges for other special needs populations, such as the elderly and disabled, are changing as life expectancies increase, increasing maintenance and overhead costs price people out of their homes, and the inability to find age-in-place housing. The following section outlines some of the specific housing needs of each of these groups.

**Seniors:** According the 2014 - 2018 ACS, the population of seniors over 65 has significantly increased from 32,814 in 2014 to 40,101 in 2018, a 32.4 percent change. As shown below, seniors between the ages of 75 – 84 represent approximately 27 percent of the senior population while seniors above the age of 85 represent approximately 10 percent of the senior population. The overall senior populations account for 10.9 percent of Arlington’s population. Like population growth, senior headed households have substantially increased from 16,722 in 2010 to 23,310 in 2018 while non-senior headed households decreased during the same period. Additionally, 64 percent of senior households are spending more than 30 percent of their monthly income on rental cost, an increase from 62% in 2010.

**Persons with Disabilities:** Disabilities among non-institutionalized persons accounted for 38,714 or 9.9 percent of the population in 2018. The largest age group with disabilities were persons 65 years and over at 34.9 percent. The table below provides disability percentages of the population by age groups.



**Persons Experiencing Homelessness:** According to the Tarrant County Homeless Coalition’s Point in Time count on January 23, 2020, approximately 201 people were identified as homeless in Arlington, a decrease from 245 persons identified as homeless in 2019. Emergency sheltered persons accounted for 94 of the homeless identified, while unsheltered and transitional housing served persons accounted for 91 and 16, respectively.

Emergency Solutions Grants are funds awarded to Arlington and allocated to organizations providing shelter and services to homeless individuals and families. The ESG program is funded by the U.S. Department of Housing and Urban Development (HUD). As of the 2019 Annual Action Plan, Arlington received \$279,640 to use for shelter services, rapid rehousing, and homeless prevention. Temporary shelter was provided to 1,928 homeless individuals in 2018 at the Arlington Life Shelter, Salvation Army, and Safe Haven. The total served included 642 children, 33 percent and 1,286 adults, 67 percent.

**Persons with HIV/AIDS:** According to the 2017 HIV Surveillance Report, 97 people listing Arlington addresses as their residence were diagnosed with HIV and 37 were diagnosed with AIDS. As noted by the National AIDS Housing Coalition, persons with HIV or AIDS receiving inadequate treatment are most likely to face housing instability and homelessness. Additionally, housing discrimination is a challenge faced by persons with HIV or AIDS. Arlington has assisted in providing housing for people with HIV or AIDS and supports the AIDS Outreach Center. Samaritan House provides housing vouchers for persons with HIV/AIDS in Tarrant County, including Arlington through the Genesis Project and Tarrant County HOPWA competitive grant.

### **Transportation Connections**

Transportation issues are especially sensitive to special needs groups, such as seniors and persons with disabilities, who encounter additional transportation obstacles in accessing essential services and affordable demand response transportation options.

Transportation limitations should be considered in developing strategies to meet future housing needs. Arlington has a significant locational advantage in the Dallas-Fort Worth-Arlington MSA, yet it does not possess a public transportation system that fully connects neighborhoods within the City or to other cities within the region. Approximately 62.5 percent of Arlington residents commute to jobs outside the city and many employees commute into Arlington from other cities. Most often planning for future growth and meeting housing needs are guided by transportation availability. In Arlington, the reverse appears to be the case, as transportation will be developed to meet the needs of existing residential, employment, and shopping/amenity development. To meet the projected housing needs, new higher density housing development should be designed and situated to accommodate public transportation infrastructure.

The Center for Neighborhood Technology (CNT) developed the Housing and Transportation Affordability Index (H+T Index) which measures housing and transportation costs and sets the benchmark at no more than 45 percent of household income. The traditional measure of affordability recommends that housing cost no more

than 30% of household income. The H+T Index for Arlington using American Community Survey (ACS) and Longitudinal Employer-Household Dynamics data is 45 percent which suggest the need to monitor this data regularly to identify a shift towards a negative influence of transportation on housing affordability in the future.

### **Remedial Actions and Best Practices**

College housing for students, off-campus, and on-campus, is not directly addressed in the HNA. However, student housing presents a unique challenge for Arlington which is home to the University of Texas Arlington. The most recent student housing report, completed in 2013, details the existing inventory of on and off-campus housing, and projects a growing need for off-campus and on-campus housing for students. Typically, universities partner with private developers to produce student housing near the university. An example is the West Campus area near the University of Texas at Austin (UT), where developers are producing rental units designed to support student lifestyles in off-campus housing. Rental communities offer many unique benefits for students who do not want to live in dormitories or want to co-rent with other students off-campus. Some developments replace obsolete units along commercial corridors, in downtown areas, or near sports and entertainment districts. Generally, student housing is successful in locations that are accessible to nightlife, entertainment, and other popular destinations. The City of Arlington should continue to partner with UTA and other institutions to identify developers and sites appropriate to meet the needs of a growing student population.

- Off Campus Student Housing – University of Texas, Austin West Campus
- Tiny Homes – Austin, TX Village Farm
- Homeless Prevention, Rapid Rehousing, Coordinated Intake San Antonio – Bexar County, TX
- Visitable Housing - Atlanta, GA Habitat for Humanities
- Transportation Assistance Program using Community Development Block Grant funding - Desoto, TX

**Neighborhood Conditions Impediment No. 6: Concentrated poverty and higher incidence of minorities with lower incomes and limited housing choice in (R/ECAP) areas**

The U. S. Department of Housing and Urban Development (HUD) has defined “Areas of Poverty, Racial and Ethnic Concentration and Segregation” as areas or census tracts comprised of 50% or greater minority population and three (3) times or more of the poverty level of the Metropolitan Statistical Area (MSA). These areas are negatively impacted by concentrated public and assisted housing and are generally lacking basic amenities and a quality of life expected and desired within the MSA. It is important to note that concentrated public and assisted housing units are not simply related to the number of housing units in each census tract and their proximity to other assisted units. The analysis also considers how public and assisted units have contributed to concentrated racial/ethnic populations, poverty/LMI population, disinvestment/decline in neighborhood conditions, the proportion of affordable housing compared to privately-owned affordable housing, and market rate housing in the census tract. In Arlington, five census tracts, 1219.03, 1219.05, 1222.00, 1223.00, and 1224.00 are identified as meeting HUD’s definition of R-ECAP.

R-ECAP areas generally have suffered decline over the past decades due to limited reinvestment. Some designated areas have limited housing choice in rental and ownership housing. In some R-ECAP areas, there are limited resources to provide financial assistance to LMI renters and to assist LMI, elderly, and disabled homeowners in maintaining their homes to establish stability in neighborhoods. Although conditions in some R-ECAP areas are relatively stable and the housing stock is in fair to good condition, other areas are currently in the early stages of decline. In addition to the early decline in R-ECAP areas, other neighborhoods are in transition, demonstrating advanced characteristics of decline that are likely to continue if reinvestment, routine, and preventive maintenance does not occur in a timely manner.

Most publicly assisted affordable multifamily housing in Arlington is comprised of privately-owned multifamily housing was built prior to 1975 and funded with various forms of federal

and state assistance. In addition, approximately 53 percent of the housing stock in Arlington was built between 1970 and 1989. A higher percentage of homes built prior to 1990 indicates that housing stock is more likely to need major repairs and updates since there is a longer period for the effects of deferred routine maintenance and disinvestment to negatively impact housing condition. Although the age of a homes does not always indicate diminished housing condition, there is often a correlation. Higher income areas with older but higher priced housing tend to have less correlation between age of housing and condition of housing than lower income areas. Neighborhood covenants and homeowner associations, which are generally associated with higher cost housing, also contribute to stability. Some housing, neighborhoods, and commercial corridors conditions, particularly in central Arlington, demonstrate the impact of disinvestment in an area. There is also a correlation between concentrated poverty, race, ethnicity, public and assisted housing, and areas of decline.

The goal of de-concentration is to reduce minority concentrations and poverty level below R-ECAP standards and to transform areas of concentration into “opportunity areas”. Opportunity areas are areas offering access to quality goods and services, exemplary schools, health care, range of housing, transportation to employment and service centers, adequate public infrastructure, utilities, and recreation.

### **Remedial Actions and Best Practices**

The City of Arlington should evaluate Voluntary Inclusionary Zoning–Incentivized Zoning as a source of funding for affordable housing and to reduce concentrations in R-ECAP impacted areas. Inclusionary Zoning (IZ) refers to a set of strategies that aim to create balanced housing development and mixed-income communities by ensuring that some portion of new housing development is affordable. This strategy may be appropriate to encourage a mix of incomes in the City of Arlington where development may create neighborhoods of homogenous home prices and residents of similar incomes. Mixed-income communities broaden access to services and jobs, as well as provide openings through which lower-wage earning families can buy homes in appreciating housing markets and accumulate wealth. Inclusionary Zoning policies can be voluntary or

mandatory throughout the country. Perhaps the best example of a mandatory inclusionary zoning policy is that of Montgomery County, Maryland. Enacted in 1974, the regulation requires developments of more than 50 units to include 15 percent moderately priced dwelling units. Of that, two-thirds (15%) are sold to moderate-income first-time homebuyers and the remainder can be purchased by the local housing commission or local non-profits for use in their affordable rental programs.

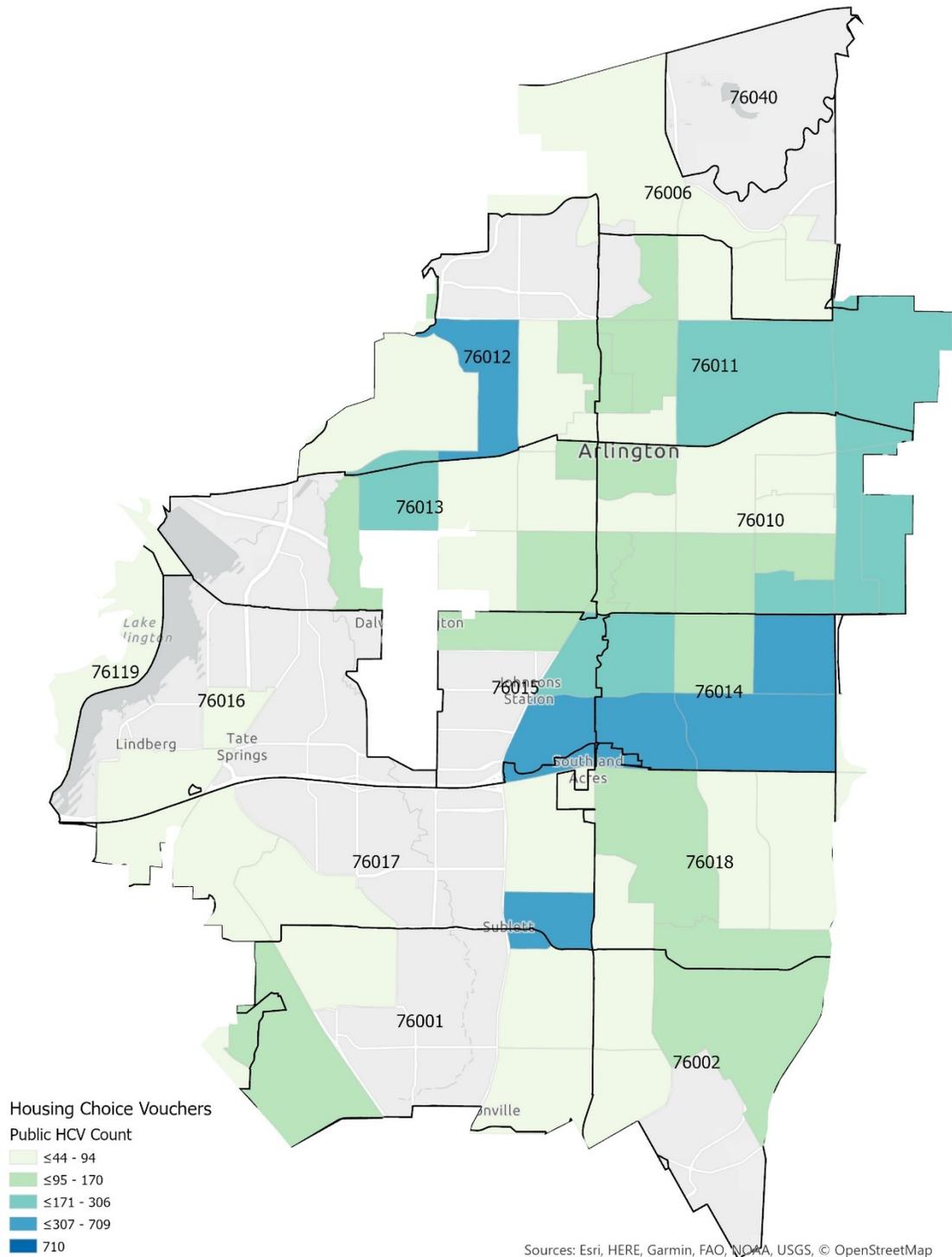
In Texas, inclusionary zoning may only be voluntary, although many municipalities implement incentives, contract commitments, or density bonus programs. Austin, Texas is an example of a city with a voluntary inclusionary zoning policy implemented through its Safe, Mixed-Income, and Reasonably Priced housing program. The program provides fee waivers and other incentives on a sliding scale according to the share of affordable units included in new developments. In 2019, the City of Austin approved a plan to increase the amount of affordable housing by loosening zoning restrictions and incentivizing higher densities in affordable and mixed-income developments. The City hopes to make more housing available to residents for whom the cost of living in Austin is becoming out of reach. Affordability Unlocked, a density bonus program, aims to cut through barriers of the Austin land development code by waiving requirements and granting incentives in exchange for building housing that meets the program criteria. As a baseline, 50 percent of housing in a development must be affordable. Rentals units must be priced for families earning 60 percent or less of median family income (MFI) for the area, with some required at 50 percent of MFI. Home-buying prices must be affordable at 80 percent of MFI and below. If development projects meet baseline criteria, those offering deeper affordability could earn additional site privileges, including height increases above the current limits in a zoning district. Local programs can structure the density bonus and affordability requirements to fit local needs. A companion to Inclusionary Zoning regulations would be to establish a local housing trust fund.

**A Housing Trust Fund** operates similarly to existing federal entitlement grant programs that support the development of affordable units that benefit low-moderate income persons in private development projects. In 2018, Charleston, South Carolina approved the Mixed Income Housing 2 District Zoning Regulations that provide density and height

bonuses and infrastructure cost sharing incentives in exchange for affordable housing components in the development. Developers must provide a minimum of 20 percent affordable units to persons at or below 120 percent median income. The remaining affordability requirement can be satisfied on-site or through a payment-in-lieu to the Charleston Housing Trust Fund, funded with local and state support. Similarly, the State of Texas provides competitive grants to support local housing trust funds. In Texas, South Carolina, and other states, developers can alternatively satisfy the creation of a portion of the required Inclusionary Zoning affordable units by making a payment-in-lieu to an approved trust fund. This allows the City to use trust fund dollars as leverage or matching funds for CDBG and HOME funded housing initiatives anywhere in the City.

**HUD Choice Neighborhood Program Grants** - The City of Arlington, in conjunction with the Arlington Housing Authority, should consider an application for a HUD Choice Neighborhood Planning Grant. HUD awarded Choice Neighborhoods Implementation Grants including \$24.2 million to the City of Shreveport for fiscal year 2018 and \$29.5 million to the City of Baton Rouge in 2019 to assist in the transformation, rehabilitation and preservation of public housing and privately-owned HUD-assisted housing, and surrounding distressed neighborhoods. The Choice Neighborhood initiative expands on the success of the HOPE VI Program by recognizing that communities must link affordable housing with quality education, public transportation, good jobs, and safe streets. As part of HUD's overall plan to revitalize areas of concentrated poverty, the Choice Neighborhoods Grants are intended to help transform distressed and at-risk public or assisted housing and their surrounding neighborhoods into sustainable, mixed-income housing that connects to key services, such as education and transportation, and supports positive outcomes for the neighborhood's families. Public housing authorities, local governments, non-profit organizations, and for-profit developers that apply jointly with a public entity are eligible to apply. Applicants must demonstrate their plan to revitalize the neighborhood through public-private partnerships that seek to develop high-quality public schools, early learning programs, public transportation, improved access to jobs, and well-functioning services.

**Low Income Housing Tax Credit Policies and Regulations (LIHTC)** – Federally assisted housing and LIHTC assisted developments are often located in areas and census tracts with concentrated minority populations and concentrated areas of poverty as defined by HUD’s definition of concentrated Racial and Ethnic, Poverty and Low Income (R-ECAP). The fair market rents approved for the Section 8 Housing Choice Voucher Program intended to support housing choice are resulting in voucher holders being largely concentrated in the same areas. Please see map below of Section 8 Housing Choice Voucher count for the City. The areas surrounding the federally assisted housing developments have a concentration of minority and lower income persons, and exhibit advanced signs of disinvestment, poor housing, and living conditions. The need for de-concentration makes revitalization, which is aimed at reversing these conditions, a high priority.



## **Socio-Economic Impediment No. 7: Limited access to healthy food choices for minorities leading to nutrition related diseases such as diabetes and heart diseases**

The U.S. Department of Agriculture defines a food desert as a low-income area where a significant number of residents live more than one mile in urban areas or more than 10 miles in rural areas from a supermarket, big-box supercenter, or other healthy grocery store. About 20% of Dallas and Tarrant county residents live in food deserts with no access to healthy food options. A recent University of Texas Arlington (UTA) study reveals that increasing housing density increases the chances of a neighborhood attracting stores that provide fresh and healthy food. More compact regions reduce racial and income segregation, thus allowing for a greater opportunity of stores offering healthy food to enter the community. The UTA research shows that while financial incentives might prove effective in the short term, more systematic, longer-range solutions—such as increasing housing density, making communities more walkable, and allowing a diversity of land uses—are far more beneficial in luring supermarkets. Currently there are two R/ECAP areas (census tracts 1223.00 & 1224.00) that are Low-Income and Low-Access areas with households living more than 1 mile from a grocery store. The remaining R/ECAP areas (census tracts 1222.00, 1219.03 & 1219.05) exist in Low-Income and Low-Access areas with households living more than ½ mile from a grocery store.

### **Remedial Actions and Best Practices**

**Address Food Deserts** - The City of Arlington should evaluate applying for USDA Food Desert funding for census tracts designated as food access - deserts. Housing Choice Neighborhood Grant and related grant funding should be considered as well to address this impediment. Currently there are two R/ECAP areas (census tracts 1223.00 & 1224.00) that are Low-Income and Low-Access areas with households living more than 1 mile from a grocery store. The remaining R/ECAP areas (census tracts 1222.00, 1219.03 & 1219.05) exist in Low-Income and Low-Access areas with households living more than ½ mile from a grocery store.

**Neighborhood Conditions Impediment No. 8: Limited number of available affordable housing units and resources to help low-income owners maintain their homes and enhance neighborhood stability**

Lack of housing affordability, in which households have inadequate income to acquire housing currently available in the market, may be the most critical impediment in the study area. The correlation between median home values and household income underscores this issue. According to the 2018 American Communities Survey 5-year average – U. S. Census, median home value increased substantially for Arlington from \$132,500 in 2010 to \$157,600 in 2018. As of 2019, the average home value according to the Tarrant County Appraisal district was \$215,347. According to 2018 5-year average, the median income for Arlington was \$58,502. Approximately 18% of residents in Arlington earn incomes between \$50,000 and \$74,000. The evaluation of housing values, monthly cost and yearly incomes compared to market values suggest homeownership for households earning \$35,000 or less annually is most challenging. According to the Arlington Board of Realtors, the average sales price for the 3rd quarter ending September 2019 was \$239,052. Minority homeownership remains disproportionately low compared to the homeownership among the White population and the City as a whole. In Arlington, home ownership among Whites was 69 percent, followed by Hispanics with 48 percent home ownership, and African Americans with 32 percent home ownership.

**Remedial Actions and Best Practices**

**Lease Purchase Program** – Lease purchase programs allow participants to qualify for home ownership by placing buyers in an initial lease agreement that will convert to a permanent mortgage provided certain conditions are met. Conditional approval is generally used to give buyers an opportunity to address down-payment, credit, and other issues that would otherwise disqualify them under most mortgage loans. For example, the City of Shreveport collaborated with Federal Home Loan Bank, Fannie Mae, and local banks to build Shepherd Place, a 22-unit single-family, new construction and gated subdivision in northwest Shreveport. The subdivision features both one-story and two-story designs at a purchase price of \$100,000 to \$130,000. Families receive up to \$30,000

in subsidies for principal reduction, down payment and closing costs, and have up to three (3) years to repair credit and to qualify for a permanent mortgage. If applicants are unable to qualify at the end of the specified period, they will be dropped from the program and any accumulated contributions toward closing cost and down payments will be forfeited.

**Increased Self-help Initiatives** - The City should continue efforts in providing volunteer-based initiatives to improve housing conditions and neighborhood stability. Other activities that should be considered include:

- Increase self-help initiatives such as "fix-up," "paint-up," or "clean-up" campaigns and corporate repair projects.
- Implement Youth Construction Build and Repair Program in conjunction with school district, formally funded by HUD to public housing authorities.
- Organize a "Compliance Store" where home builders, building supply stores, merchants, and celebrities demonstrate simple, cost effective ways to make improvements to houses and donate building supplies for use in self-help projects. The supplies and storage facility for supplies could be provided to enrollees by building supply stores, contractors, and hardware stores.
- Organize "adopt-a-block" and "adopt-an-intersection" campaigns.
- Continue promoting Community Gardens as interim uses on select vacant lots provide an opportunity for neighborhood residents to work together to increase the attractiveness of their neighborhood.

**Financial Literacy** - The first consideration to increase homeownership rates should include improving the financial literacy and home buying preparedness of potential buyers. Banks and credit agencies work with buyers to educate them on home ownership responsibilities. Homebuyer education classes are already a pre-requisite for homebuyer assistance programs providing down payment assistance; however, the 18 to 35-year-

old demographic is impacted by a lack of financial literacy as well. An early start in managing personal finances can prepare individuals for major purchases, including a home. The City should consider working with local school districts to increase financial literacy courses for high school juniors and seniors. Local lending institutions and real estate professionals should be recruited to assist in curriculum development and to provide instructors for the classes. The City may consider working with school districts to identify funding for pilot programs.

**New Market Housing Tax Credits** - The New Markets Tax Credit Program (NMTC Program) was established by Congress in 2000 to spur new or increased investments into businesses and real estate projects located in low-income communities. The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal Income Tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years with five percent for each of the first three years, and six percent for each of the remaining four years. The investment in the CDE cannot be redeemed before the end of the seven-year period. To spur organic growth and to supply additional financing products to its market, Texas Mezzanine Fund (TMF) received \$35 million in 2018. TMF deploys its NMTC into compliant projects throughout the State of Texas. Arlington CHDO Housing Channel was recently awarded NMTCs and the City should continue to encourage their use in developing affordable housing.

**Opportunity Zones** - The Federal Opportunity Zone Program is a community and economic development tool that aims to drive long-term private investment into low-income communities throughout the country. The program was established by Congress in the Tax Cuts and Jobs Act of 2017. It encourages investors with recently realized capital gains to invest in local businesses, real estate, or development projects in exchange for a reduction in their tax obligations. Zones in Arlington were designated by the State of Texas. The program incentivizes investors to make equity investments in Opportunity Zone-based businesses and development projects by providing:

- A temporary tax deferral for any realized, but not recognized, capital gains reinvested through the program
- The potential for a 10% to 15% reduction in the amount of tax otherwise payable on the Original Gain
- If the investment in the Opportunity Zone is held for ten years or more, a permanent exclusion of any capital gains derived from the eventual sale or exchange of the Opportunity Zone investment

The designated Opportunity Zones for Arlington include Downtown and Central Arlington, and areas designated for future growth and revitalization. While the regulations are not yet finalized, it appears that the Opportunity Zones could provide a source of equity for housing and economic development initiatives like tax credit equity generated by the Low-Income Housing Tax Credit (LIHTC). Opportunity Zones could shift older residential and commercial stock in Arlington toward a diversification of mixed income and mixed housing types, which requires unrestricted equity not requiring the concentration of low-moderate income persons in current R-ECAP areas. It is essential that Arlington continue to develop alternative approaches in Opportunity Zones to generate reinvestment dollars for neighborhoods in decline, and areas such as downtown that appear most marketable to younger demographics and those seeking more affordable housing.

**Land Acquisition and Land Bank Program** - An aggressive land banking program is recommended to revitalize blighted neighborhoods and develop infill housing. A land bank is a public authority that acts as a legal and financial mechanism to efficiently hold, manage, and develop tax-foreclosed property. The land bank concept involves acquiring unproductive, vacant, and developable lots for affordable single-family housing development while increasing local government revenues. Cities establish certain criteria for acquiring properties and for properties to be considered for land bank use. These criteria include: 1) the property is delinquent owing five years or more in back taxes; 2) the total taxes and liens must be greater than the value of the property; 3) the purchaser must demonstrate the financial ability to immediately develop the property for affordable housing. A land bank generally acquires foreclosed properties from a Sheriff Sale, maintains the properties and assembles parcels for sale to for-profit and non-profit

developers. Land bank properties are sometimes acquired as donations by property owners, purchases from owners willing to sell property at reduced prices, and as surplus city or county-owned land no longer needed for public purpose. A land bank program could include the following:

**Land Transfer Program** - The City should evaluate, design, and implement a residential land bank and acquire eligible tax foreclosed, abandoned, surplus or vacant properties. For-profit and non-profit groups would have an opportunity to develop affordable housing by acquiring land bank properties from the City's inventory. The City may acquire vacant lots due to property tax foreclosure, acquisitions, or donations, and may sell properties to eligible non-profit groups below market price to develop affordable housing. The City could evaluate extending the opportunity to for-profit organizations to develop affordable housing at or below market price as well.

**Release of Non-Tax Liens** - The City could consider releasing non-tax municipal liens on privately held property in exchange for the development of affordable housing by the owner. Interested parties must apply for consideration and agree to pay the delinquent taxes, penalties, and interest on the property. This includes fines resulting from code enforcement issues and liens that have resulted from demolition of substandard structures.

**Residential Development Acquisition Loan Program** - Allows for direct City acquisition or loans for developer acquisition of vacant or improved properties for the rehabilitation or demolition and construction of affordable housing development. The City could use CDBG and HOME grant funds or apply for Section 108 Loan Guaranty funding to capitalize the loan funds and pay program administrative cost.

**Infrastructure and Incentive Program** – The City should explore a program to provide incentives to developers building affordable and mixed-income housing in areas that need assistance to spur market-driven investment and re-investment. These incentives could include cost participation for infrastructure to support new affordable single-family housing within new mixed-income subdivisions of 50 or more units. A jurisdiction can apply for Section 108 Loan funding to participate in the cost of onsite infrastructure normally paid

for by the developer. Other incentives could include fee rebates for platting, zoning, and permitting.

**Land Assembly** - Land acquisition and land assembly are intended to assemble contiguous parcels for redevelopment. Redevelopment plans are often stymied by difficulties in acquiring critical parcels or acreage to make a project feasible. When redevelopment projects are not coordinated it is less cost-effective than one larger project. The City should consider taking responsibility of acquiring and maintaining key pieces of property for future redevelopment in target areas through a land assembly program.

**Lease Purchase Program** – Lease purchase programs allow participants to qualify for home ownership by placing buyers in an initial lease agreement that will convert to a permanent mortgage provided certain conditions are met. Conditional approval is generally used to give buyers an opportunity to address down-payment, credit, and other issues that would otherwise disqualify them under most mortgage loans. For example, the City of Shreveport collaborated with Federal Home Loan Bank, Fannie Mae, and local banks to build Shepherd Place, a 22-unit single-family, new construction and gated subdivision in northwest Shreveport. The subdivision features both one-story and two-story designs at a purchase price of \$100,000 to \$130,000. Families receive up to \$30,000 in subsidies for principal reduction, down payment and closing costs, and have up to three (3) years to repair credit and to qualify for a permanent mortgage. If applicants are unable to qualify at the end of the specified period, they will be dropped from the program and any accumulated contributions toward closing cost and down payments will be forfeited.

**Increased Self-help Initiatives** - The City should continue efforts in providing volunteer-based initiatives to improve housing conditions and neighborhood stability. Other activities that should be considered include:

- Increase self-help initiatives such as "fix-up," "paint-up," or "clean-up" campaigns and corporate repair projects.

- Implement Youth Construction Build and Repair Program in conjunction with school district, formally funded by HUD to public housing authorities.
- Organize a “Compliance Store” where home builders, building supply stores, merchants, and celebrities demonstrate simple, cost effective ways to make improvements to houses and donate building supplies for use in self-help projects. The supplies and storage facility for supplies could be provided to enrollees by building supply stores, contractors, and hardware stores.
- Organize "adopt-a-block" and "adopt-an-intersection" campaigns.
- Continue promoting Community Gardens as interim uses on select vacant lots provide an opportunity for neighborhood residents to work together to increase the attractiveness of their neighborhood.

**Public Policy Impediment No. 9: Limited outreach, public awareness, and enforcement of fair housing rights**

The City of Arlington has a Fair Housing Ordinance which is in compliance with federal requirements. In 1995, the City of Arlington enacted the first local Fair Housing Ordinance and approved amended Ordinance No. 04-006 on January 13, 2004 and Ordinance No. 06-082 on August 22, 2006. Some cities have fair housing ordinances that are substantially equivalent to the Federal Fair Housing Act, which means they offer similar rights, remedies, and enforcement provisions. The Arlington ordinance is not considered substantially equivalent to the Federal Fair Housing Act because it does not provide substantially equivalent local enforcement, judicial or city administrative review, and adjudication or penalties for those who violate the City of Arlington Fair Housing Ordinance.

HUD currently provides duties of investigation, enforcement, adjudication, remedies if found in violation. However, HUD limits its enforcement of the local ordinance to

complaints/violations filed by the seven protected classes under the Federal Fair Housing Act limited to Race, Color, Disability, Familial Status, Religion, National Origin, and Sex.

The City of Arlington has enacted a local ordinance. A local ordinance is considered evidence that a City is Affirmatively Furthering Fair Housing though it is not considered substantially equivalent to the Federal Act. HUD regulations do not require a substantially equivalent law. However, a substantially equivalent local ordinance is required by HUD to for a local jurisdiction to receive funding for fair housing enforcement. Jurisdictions can include additional protected classes at their discretion, although HUD will not enforce actions against additional protected class members not covered under the Federal Act. These complaints would have to be enforced by the local jurisdiction. Since the Federal Act was adopted in 1968 and amended in 1988, local jurisdictions are expanding protected classes that have emerged since then. Examples of additional protected classes that have been included in local ordinances include age, source of income, sexual orientation, same sex marriages, gender equality, and student status. Substantially Equivalent local enforcement is not a legal requirement and we are not aware of any City being litigated on this issue.

**Fair Housing Assistance Program (FHAP) Agencies** - In order to begin the process for becoming a certified Fair Housing Assistance Program Agency, the state and local jurisdiction must both have legislation that is determined by HUD to be substantially equivalent to the Federal Fair Housing Act. The State of Texas fair housing law has been determined by HUD to be substantially equivalent. The local law must at minimum contain seven protected classes and must have substantially equivalent fines for violations, remedies, investigative processes, and enforcement powers. Once a state, city or county enacts a substantially equivalent fair housing law, they can apply to become certified as a Fair Housing Assistance Program (FHAP) Agency and receive funds for investigating and conciliating fair housing complaints. Alternatively, local jurisdictions can establish a Fair Housing Initiatives Program (FHIP) Agency and receive funds for education, promoting fair housing, and investigating allegations.

The legislated process for investigating and conciliating complaints must mirror HUD's process outlined in federal regulations. The investigative process begins when an

aggrieved person files a complaint within one year of the date of the alleged discriminatory housing or lending practice. The complaint must be submitted to HUD in writing; however, this process can be initiated by a phone call. HUD will complete a complaint form, also known as a “903”, and mail it to the complainant to sign. The complaint must contain the name and address of the complainant and respondent, address and description of the housing involved, and a concise statement of the facts, including the date of the occurrence, and the complainant’s affirmed signature. Upon filing, HUD is obligated to investigate, attempt conciliation, and resolve the case within 100 days. Resolution options are dismissal, withdrawal, settlement or conciliation, or a determination as to cause.

The FHAP certification process includes a two-year interim period for HUD to closely monitor the intake and investigative process of the governmental entity applying for substantial equivalency certification. The local law must provide enforcement for aggrieved citizens where cause is found. It can be through an administrative hearing process or filing suit on behalf of the aggrieved complainant in court. The FHIP certification process is contingent on the type of funding for which the agency is applying. There are four programs to which an agency can apply: Fair Housing Organizations Initiative (FHOI), Private Enforcement Initiative (PEI), Education Outreach Initiative (EOI), and Administrative Enforcement Initiative (AEI). Currently, there is no funding under the AEI status.

North Texas Fair Housing Center would be an example of a HUD approved and funded agency. The City can also apply to HUD for funding in conjunction with existing agencies to provide local enforcement.

**Dallas, TX Fair Housing Act** – The City of Dallas has enacted a local fair housing ordinance that provides protections for the seven protected classes and local enforcement. On May 8, 2002, the Dallas City Council adopted Chapter 46, “Unlawful Discriminatory Practices Relating to Sexual Orientation”. Chapter 46 prohibits discrimination based on sexual orientation in housing, employment, and public accommodations. This ordinance became effective on October 1, 2002 and the City of Dallas provides fair housing enforcement substantially like the Federal Act.

The ordinance states "It is the policy of the City of Dallas to bring about through fair, orderly, and lawful procedures the opportunity for every person to obtain employment, access to all places of public accommodation, and housing, without regard to sexual orientation or gender identity and expression. The City of Dallas is proud of the diversity of its employees, as reflected in Section 34-35 of this Code, and is proud of the diversity of its citizens. The City of Dallas strongly encourages all entities within the city, including those who are excepted from the requirements of this chapter, to recognize the rights of every individual to work and earn wages through gainful employment, to obtain and enjoy goods, services, facilities, privileges, advantages, and accommodations in all places of public accommodation, and to obtain housing."

**Austin, TX Fair Housing Act** – provides for local enforcement and additional protected classes beyond Federal Act including sexual orientation, gender identification, marital status, student status, age

### **Remedial Action and Best Practices**

The City of Arlington should evaluate the benefits of enacting a substantially equivalent local Fair Housing Ordinance that includes enforcement, remedies for violations, and additional protected classes.

The City of Arlington should also continue to maintain and update the Affirmative Marketing Plan (AMP) to support fair and open access to affordable housing. The AFHMP should ensure that individuals of similar economic levels in the same housing market areas have equal access to a range of housing choices regardless of race, color, religion, sexual orientation, gender, familial status, disability, or national origin.

The City should provide outreach to private landlords not receiving entitlement funding and encouraging landlords to embrace fair education for the staff and management and participate in entitlement funded affordable housing and fair housing programs education and outreach.