

City of Houston

Analysis of Impediments

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Prepared by

Greater Houston Fair Housing Center, Inc.

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## City of Houston AI

### Introduction

The City of Houston is committed to fair housing. Discrimination is prohibited in all of its programs. The goal of its housing policies is to make choice a reality for all residents. All people are to be treated equally and fairly. No one is to be subject to any different treatment.

The Analysis of Impediments to Fair Housing (AI) is required by all state and local units of government that receive certain federal funds from the U.S. Department of Housing and Urban Development, (HUD), including Community Development Block Grant (CDBG) and HOME Investments Partnerships Program (HOME) funds. Each jurisdiction that receives these housing funds must certify to HUD that it will affirmatively further fair housing and that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction.

The AI will examine housing and housing-related policies that deliberately or inadvertently prevent people from living where they choose. There are many factors that might limit housing choice.

Discrimination can be a major factor in limiting housing choice. The lack of affordable housing can also be a factor in preventing people from living where they choose. The lack of accessible housing for the disabled can prevent people from living where they choose.

The location of work places and the availability of affordable housing in these areas can be a factor keeping people from housing choices. The availability of transportation services to these areas is critical. People have to be able to commute to work for long periods of time and distance in order to have affordable housing.

The inability to obtain a mortgage is a major factor limiting people's choice of housing. The ability to obtain homeowners insurance is a critical factor in obtaining a mortgage. You can not get a mortgage without homeowners insurance.

The HUD requirement to "affirmatively further fair housing" means that jurisdictions will: analyze and eliminate housing discrimination in the Jurisdiction; promote fair housing choice for all persons; provide opportunities for inclusive patterns of housing occupancy regardless of race, color, national origin, religion, sex, familial status, or disability; promote housing that is structurally accessible to, and usable by, all persons, particularly persons with disabilities; and foster compliance with the nondiscrimination provisions of the Federal Fair Housing Act.

HUD defines impediments to fair housing as any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin that restrict, or have the effect of restricting housing choice or the availability of housing choice. Policies, practices or procedures that appear neutral on their face but which restrict the availability of housing may constitute such impediments.

The AI is not a fair housing plan for the jurisdiction, but a tool to assist the jurisdiction in developing their Annual Action Plans for fair housing activities by exploring practices and policies that may negatively impact housing choices for protected class members. Together with its community partners, the City of Houston is committed to fair housing.

## **City of Houston AI**

### **Section I: Community Profiles**

#### **A. Demographics**

The City of Houston has changed grown significantly in the last twenty years as indicated in Table 1.1. In 1990, the population was 1,630,553. By 2000, the city had grown to 1,953,631. A population increase of 323,078 or 19.8%. The 2008 American Community Survey shows the population at 2,023,601.

During the 1990's, the city went through a period of blight. The revitalization of Houston in the new century is indicative of the future. With the population growth there was a boom in development. From business growth to neighborhood redevelopment, the city rapidly grew again.

The makeup of the population has changed as well. In 1990 the population makeup was 40.6% White at 662,642, 27.4% Black at 447,144, 27.6% Hispanic at 450,483, and 4.1% Asian at 67,113. By 2000, the population makeup was 30.8% White (601,851), 25.4% Black (495,338), 37.4% Hispanic (730,865), and 5.7% Asian (111,379). By 2008, the White population had dropped to 27.4% (554,811) as had the Black population to 24.1% (486,824). The Hispanic population grew to 42.7% (865,085) as did the Asian population to 5.8% (117,641). By 2008, the overwhelming majority of Houstonians were Hispanics, African American, and Asians at 72.6% of the population.

Table 1.1 Houston Population 2000, 2008								
	2000	%		2008	%		Difference	%
Total	1,953,631			2,023,601			69,970	3.6
White	601,851	31		554,811	27.4		(47,040)	(7.8)
Black	495,338	25.4		486,824	24.1		(8,514)	(1.7)
Hispanic	730,865	37.4		865,085	42.7		134,220	18.4
Asian	111,379	5.7		117,641	5.8		6,262	5.6
(U.S. Census 2000, 2008)								

## B. Income

People that have low incomes tend to live in areas of the city that are not as desirable as others. The lack of income or money prevents people from moving to areas with the best housing and amenities. Personal income can help in identifying potential housing barriers. The disparities in incomes among

White and other ethnic groups are apparent. The higher incidence of low-income households in Black and Hispanic communities limits their choice of affordable housing. Limitations on fair housing choice are common with low income people.

Table 1.2 shows that in 2000, the median household income was 52,390 for Whites, 29,937 for Blacks, 33,150 for Hispanics, and for Asians. By 2008, the median income was 53,172 for Whites, 32,581 for Blacks, 34,972 for Hispanics, and 51,104 for Asians. In 2000, the level of poverty was 11.7% among Whites, 24.5% among Blacks, 22.2% among Hispanics, and 15 % among Asians. In 2008, the poverty level had risen to 15.1% for Whites; 27.1% for Blacks; 24.3% for Hispanics; and 16.8% for Asians. About one fourth of Houston’s African American and Hispanic households, 66.8% of the population, are at the poverty level.

Table 1.2 Household Median Income 2000, 2008						
	2000	% Poverty		2008		%Poverty
White	52,390	12		53,172		15.1
Black	29,973	25		32,581		27.1
Hispanic	33,150	22		34,972		24.3
Asian	40,700	15		51,014		16.8
(U.S. Census 2000, 2008)						

### C. Employment

There are many things that impact the ability to acquire housing of one’s choice. The main one is the ability to pay for it. In order to pay for housing, a person usually has to have employment. Houston has experienced many changes in the type of employment available to people since the boomtown

days of oil and gas that ended in the mid 1980's. Jobs were plentiful and paid well during that period. When the oil industry collapsed in 1985, the employment scene began to change. The good paying union wage jobs in the industry all but disappeared by the end of the century. Manufacturing plants like Hughes Tools and other giants in the petroleum world shut down. The industrial and manufacturing plants were closing or relocating. Houston became less of a blue collar union manufacturing town to more of a non-union service industry one.

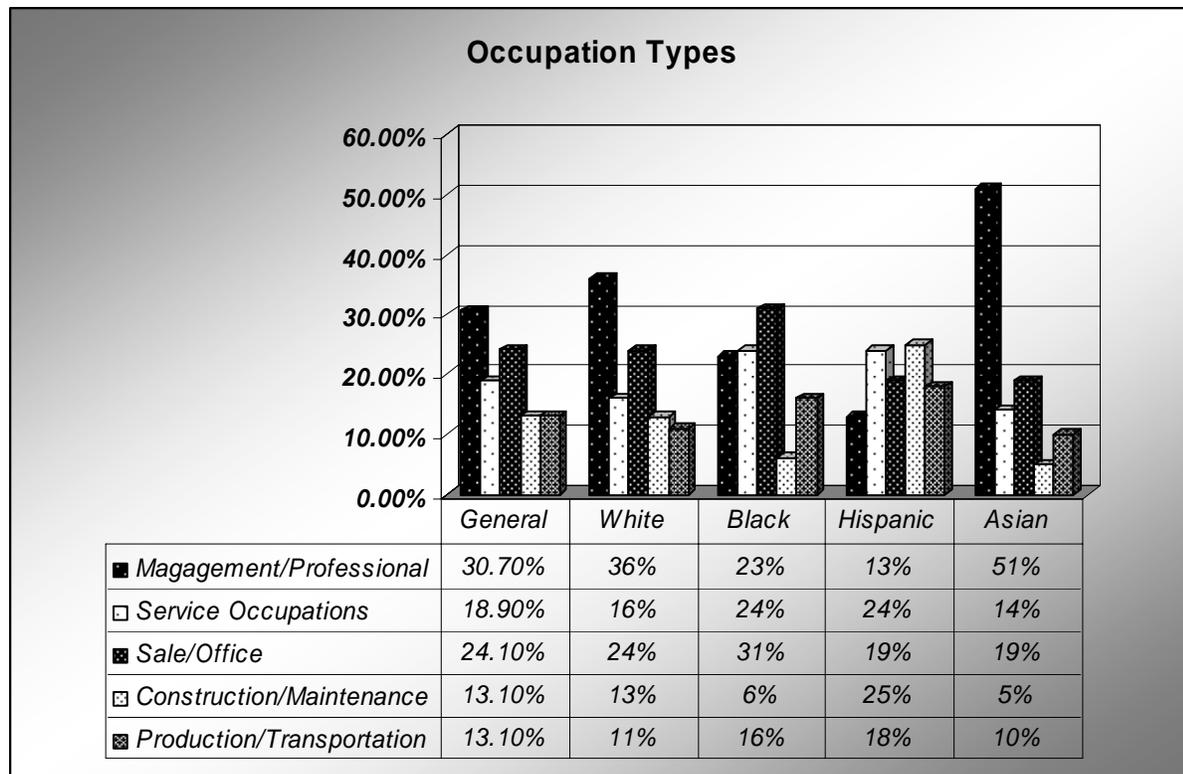
Many people today work in low paying jobs in the service industry, frequently at the minimum wage required by law. The role of immigrants, responding to industry employment demands, has contributed to the need for housing. These workers are usually paid less than non-immigrants and many times pay more in housing costs to unscrupulous landlords. The ability of workers to afford housing, especially to become homeowners, has become more difficult and less affordable.

The lack of access to better paying professional jobs can limit housing choice. Table 1.3 shows that in 1990, the level of households with professional employment was 40.3% among Whites, 24.2% among Blacks, 23.9% among Hispanics, and 37% among Asians. In 2000, the level of professional employment was 45.5% among Whites, 24.9% among Blacks, 22.8% among Hispanics, and % among Asians.

Table 1.3 Houston Professional Employment 1990 2000

	1990%	2000%
White	40	46
Black	24	25
Hispanic	24	23
Asian	37	

Things have not gotten any better for minorities since then. In 2008, the civilian employed population 16 years or older was estimated to be 1,007,969 and breaks down into the following occupations:



The management and professional jobs are predominantly occupied by Whites. The service, construction, maintenance, and production type low paying jobs are primarily held by African Americans and Hispanic workers.

Unemployment is a severe barrier to housing choice. In 2000, the level of unemployment was 5.1% for Whites, 10.4% for Blacks, 8.7% for Hispanics, and % for Asians as indicated by Table 1.4. By 2008, the unemployment rate had dropped for Whites to 4.4% and for Hispanics to 5.3%, but had rise for Blacks to 10.7% and Asians were at 3.3%. The unemployment rate among African Americans is double that of Hispanics. It is extremely difficult for unemployed people, particularly families with children, to obtain safe, sanitary, affordable housing. The prospect of homelessness is a reality for the unemployed.

Table 1.4 Houston Unemployment Rate 2000, 2009

	% in 2000	% in 2008
White	5.1	4.4
Black	10.4	10.7
Hispanic	8.7	5.3
Asian		3.3

D. Education

The level of education can also limit housing. People with less education have the lowest paying jobs and are limited in their choice of affordable housing. Table 1.5 shows that in 2008, the number of college educated people 25 years old or more was: 259,150 Whites; 47,858 Blacks; 48,930 Hispanics; and 41,815 Asians. In 2000, the level of college educated households was 41.7% among Whites, 17.3% among Blacks and 17.1% among Hispanics.

Table 1.5 College educated people 25 years and older

	2008
White	65% (259,150)
Black	12% (47,858)
Hispanic	12% (48,930)
Asian	10% (41,815)

The problem of educational attainment severely impacts the employment and housing prospects of African Americans and Hispanics. These two groups make up 66.8% of the population of Houston. Among African Americans, 51% of the population has a high school level education or less. Among Hispanics, 75% of the population has a high school education or less. As the following table illustrates, the large number of Hispanics that drop out of High School is alarming. A quarter of a million Hispanics, 52% of the population, have less than a High School (H.S.) education. These facts, among a majority of Houston’s population, contribute to the lack of equal opportunities in housing, employment, and the quality of life in general.

	White	Black	Hispanic	Asian
Less than H.S.	179,359 (24%)	56,206 (19%)	247,564(52%)	12,112 (16%)
H.S./G.E.D.	140,123 (20%)	95,684 (32%)	109,871(23%)	12,133 (16%)
Some College or A.A.	154,045 (21%)	96,657 (33%)	72,262 (15%)	12,252 (16%)
B.A. Degree or higher	259,150 (35%)	47,858(16%)	48,930(10%)	41,815(54%)
Total	732,677	296,401	478,627	78,132

#### E. Public Transportation

The City of Houston is served by the regional public transit authority, METRO. Bus service is supplemented by the new light rail through the central business district and medical center. According to the 2000 census, 49,441 workers 16 years and over used public transportation.

Most people in the city drive in a personal vehicle. According to the 2008 U.S. Census American Community Survey, 38% of African Americans and 41% of Hispanics used public transportation as compared to Whites at 15% . .

Table 1.6 indicates the number of vehicles per household in Houston in 2000. There is no vehicle available in 10.34% of the households. In 43.19% of the households, there is 1 vehicle. In 34.74% of the households, there are 2 vehicles. In 11.72% of the households, there are 3 or more vehicles. In 2008, there is no vehicle available in 5.2 % of households (37% used public transit), 1 vehicle in 32.4% of households (36% used public transit), 2 vehicles in 40.8% of households (16% used public transit), and 3 vehicles in 21.6% of households (11% used public transit).

Table 1.6 Houston Vehicles per Household in				
	2000	2008		Public Transit Use in 2008
	%	%		%
0 vehicle	10	5.2		37
1 vehicle	44	32.4		36
2 vehicles	35	40.8		16
3+ vehicles	12	21.6		11
(U.S. Census 2000, 2008)				

#### F. Housing

Housing is critical in the city for its population. Where someone lives determines for the most part where a child goes to school, and where shopping is done for most daily needs. It may also determine

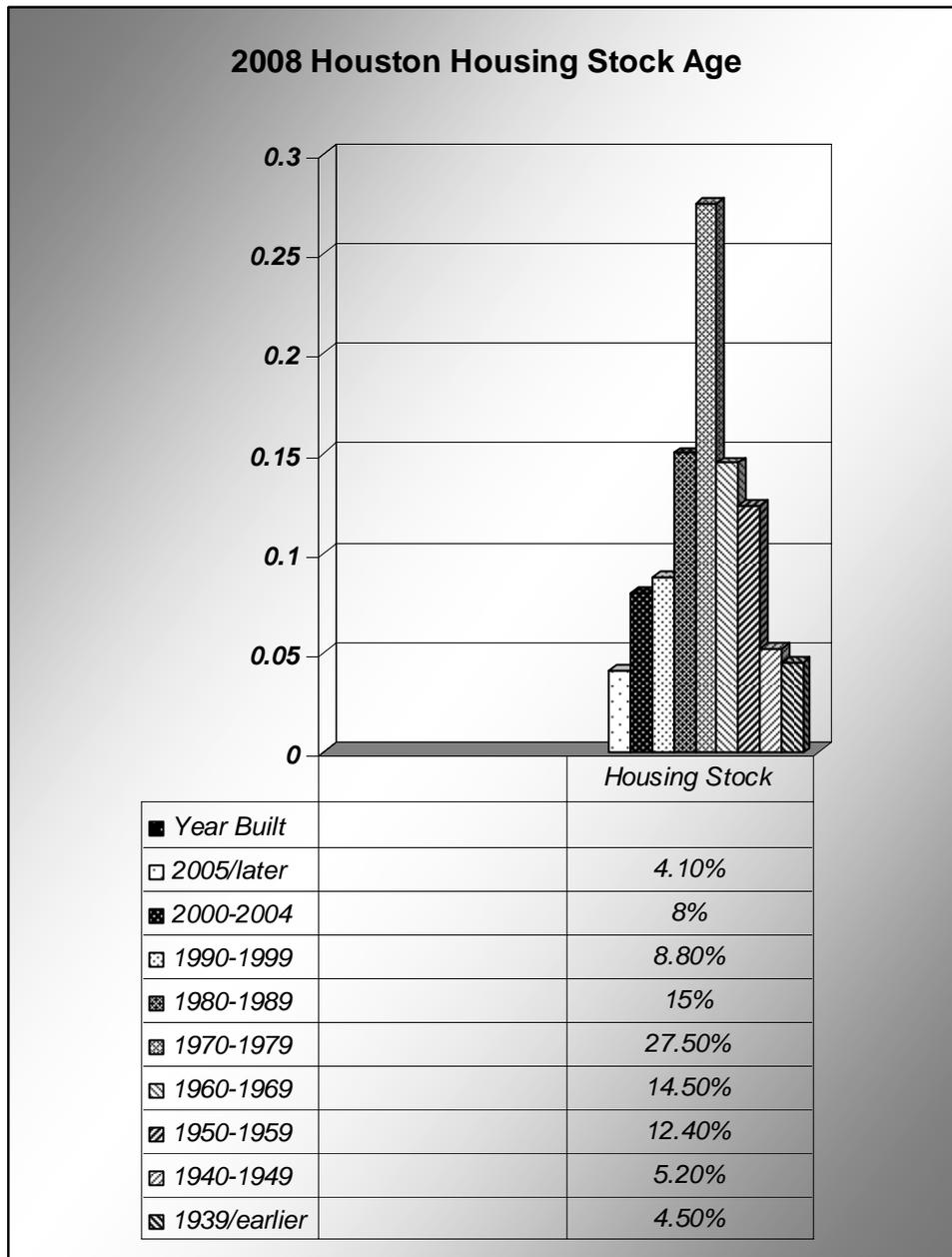
where someone seeks potential employment as well as where someone worships. Low paid service workers and others similarly situated are in a critical need for affordable housing. They are not as likely to be able to afford much of the housing in certain parts of the city. This can result in ethnic and race isolation producing negative results.

“Affordable housing is decent, quality housing that low-moderate, and middle-income families can afford to buy or rent without spending more than 30 percent of their income: spending more than 30% of income on shelter may require families to sacrifice other necessities of life.” (Federal Register/Vol.70, No.53/Monday, March 21, 2005/Notices, p.13588)

According to the U.S. Census the number of housing units in Houston in 2008 was estimated at 885,047 as indicated in Table 1.7. Of these housing units, 756,224 were occupied and 128,823 were vacant. Of the occupied housing units, 353,126 (46.7%) were by owners and 391,963 (53.3%) were by renters. The average size of the owner occupied unit was 2.80 persons and the average size of the renter occupied unit was 2.50 persons. The homeowner vacancy rate was 3.3% and the rental vacancy rate was 14.4%.

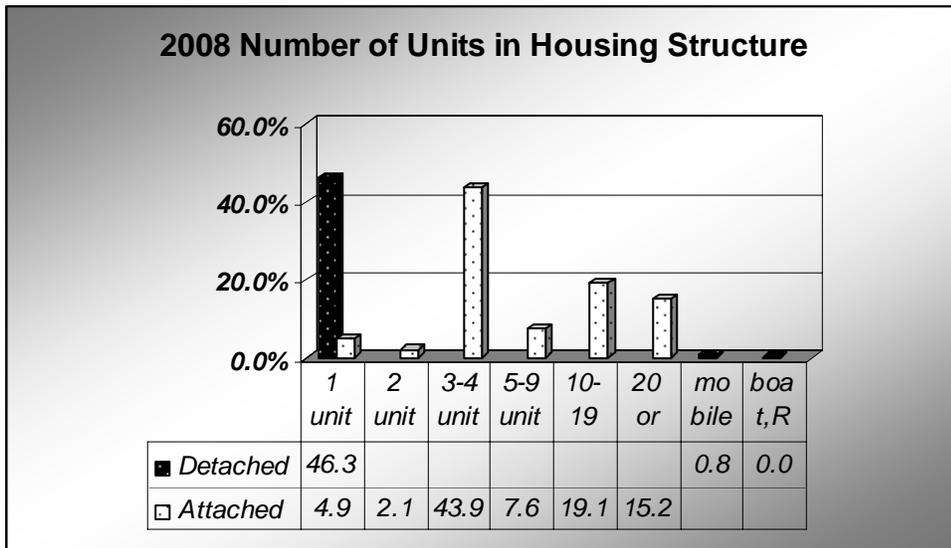
Table 1.7 Houston Housing Units in 2008							
			Owner Occupied		Renter Occupied		
Total	885,047						
Occupied	756,224	353,126	46.7%		391,963	53.3%	
Vacant	128,823						
(U.S. Census 2008 Estimate)							

The same census information shows that the housing stock in the city varies in age: 2005 or later is 4.1% ; 2000-2004 is 8%; 1990-1999 is 8.8%; 1980-1989 is 15%; 1970-1979 is 27.5%; 1960-1969 is 14.5%; 1950-1959 is 12.4%; 1940-1949 is 5.2%; 1939 and earlier is 4.5%. Over 75% of Houston's housing stock is 21-80 years old.



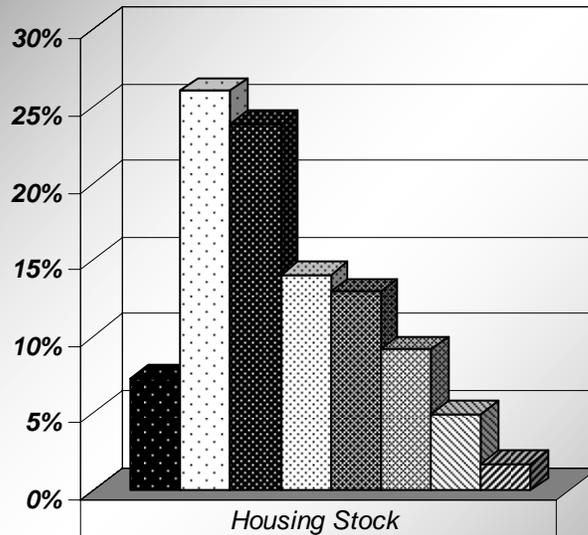
The number of units in housing structures as follow: 1 unit detached, such as single family homes, are 46.3%; 1 unit attached are 4.9%; 2 units are 2.1%; 3 or 4 units are 43.9%; 5 to 9 units are 7.6%; 10 to

19 units are 19.1%; 20 or more units are 15.2%; mobile homes are .8%; boat, RV, van, etc. are .00%.  
 A majority of housing units (53%) are attached units, such as apartments.



The value of the housing stock is: 7.3% less than \$50,000; 26% is \$50,000 to \$99,999; 23.9% is \$100,000 to \$149,999; 14% is \$150,000 to \$199,999; 12.9% is \$200,000 to \$299,000; 9.2% is \$300,000 to \$499,999; 5% is \$500,000 to \$999,999; 1.7% is \$1,000,000 or more.

### 2008 Houston Housing Stock Value



Housing Stock	Percentage
■ Less than \$50,000	7%
□ \$50,000-\$99,999	26.00%
■ \$100,000-\$149,000	24%
▣ \$159,000- \$199,000	14.00%
■ \$200,000-\$299,000	12.90%
▣ \$300,000-\$499,999	9.20%
▣ \$500,000-\$999,999	5.00%
▣ \$1,000,000 or more	1.70%

## City of Houston AI

### Section II: Fair Housing Law, Municipal Policies, Enforcement

On a national basis, an estimated 4 million fair housing violations occur each year. In 2009, there were 30,758 complaints filed across the country. Of these complaints 20,173 or 66% were processed by private fair housing groups. The rest, or 34%, were processed by federal, state, and local agencies.

There is a substantial amount of housing discrimination occurring on a daily basis in Houston. Most of these instances do not get reported to anyone for a variety of reasons. The lack of awareness of fair housing rights and the general tolerance of housing inequities contribute greatly to the problem.

The following three housing discrimination studies are being cited because they are the only ones conducted in Houston, Texas that involved fair housing testing. Testing is a widely-accepted methodology that has been utilized for both enforcement and research for decades. Fair housing testing is a controlled method for measuring and documenting differences in the quality, quantity and content of information and services offered or given to various home seekers by housing or housing service providers.

A HUD commissioned Housing Discrimination Study (HDS) in 2000 looked at Black and Hispanic treatment, by housing providers, in selected cities. Paired tests were conducted in response to advertisements placed in the newspaper for housing rental and sale. In the Houston rental market, Blacks were consistently treated adversely relative to Whites in 18.6% of the transactions. In the Houston sales market, Blacks were treated adversely relative to Whites in 24.4% of the transactions. In seeking financial assistance, Black homebuyers were less likely to be offered help with financing than white homebuyers. Blacks were also less likely to be recommended to lenders than Whites. The treatment of Hispanics was very similar. In the rental market, Hispanics were consistently treated adversely relative to non-Hispanic Whites in 19.1% of the transactions. In the sales market, Hispanics were consistently treated adversely relative to non-Hispanic Whites in 26.7% of the transactions.

	Rental	Sales
Blacks	18.6	24.4
Hispanics	19.1	26.7

(2000. Housing Discrimination Study, Urban Institute)

The findings of the Housing Discrimination Study were supported by rental testing conducted as part of a housing discrimination audit in 2001. The Houston Rental Audit conducted by the Greater

Houston Fair Housing Center found considerable levels of discrimination among African Americans and Hispanics. The Rental Audit was based of 60 paired tests conducted in the City of Houston to document housing discrimination based on Race, National Origin, and Familial Status.

African American encountered differential treatment 80% of the time when they responded to advertisement about rental housing in Houston.

Hispanics encountered differential treatment 65% of the time when they responded to advertisement about rental housing in Houston.

Families with Children encountered differential treatment 85% of the time when they responded advertisement about rental housing in Houston.

These results have far-reaching implications because an individual’s or family’s choice of housing affects more than just the home. The ability to access quality housing will impact access to quality education, employment opportunities, retail establishments, parks, and other public services.

Families with Children	86%
Blacks	80%
Hispanics	65%
(2001 Housing Rental Audit, GHFHC)	

Another housing discrimination report “No Home for the Holidays: A Report on Housing Discrimination Against Hurricane Katrina Survivors” found rental discrimination in Houston in 2005. The report found differential treatment 66% of the time towards African Americans, as compared to Whites, when they inquired about housing, regarding the availability of units or the terms and

conditions for securing an apartment. White testers were given truthful information about the availability of units or the terms and conditions for securing an apartment, while that information was withheld from or provided differently to their African American counterparts. The differential treatment fell into the following categories: Failure to tell African Americans about available apartments; Failure to return telephone messages left by African Americans; Failure to provide information to African American testers; Quoting higher rent prices or security deposits to African American testers; Offering special inducements or discounts to White renters. This came after one of America's most damaging natural disasters struck New Orleans. Houston for the most part welcomed the evacuees but not everyone. Discrimination was documented against families seeking housing after the total loss of their homes.

#### A. Fair Housing Law

##### A. Federal Fair Housing Act/State Fair Housing Act/City Housing Ordinance

The Federal Fair Housing Act and the substantially equivalent Texas Fair Housing Act are the primary laws utilized in pursuing housing discrimination complaints in the City of Houston. The city's Fair Housing Ordinance is not substantially equivalent and not used for enforcement of fair housing violations.

The Federal Fair Housing Act (Act) was enacted in 1968, and amended in 1974 and 1988 to add protected classes, provide for additional remedies, and strengthen enforcement. The Act, as amended, makes it unlawful for a person to discriminate on the basis of race, color, sex, religion, national origin, handicap, or familial status. The Act generally prohibits discrimination based on the protected classes mentioned in all residential housing. This includes sales, rentals, advertising, insurance, lending, and appraisals.

Activities that are prohibited under the Act are:

- Misrepresenting that housing is unavailable by: providing false or misleading information about a housing opportunity; discouraging a protected class member from applying for housing or from

making an offer of sale; discouraging or refusing to allow a protected class member to inspect available housing.

- Refusing to rent or sell or to negotiate for the rental or sale of a house or apartment or otherwise make unavailable by: failing to effectively communicate or process an offer for the sale or rental of a home; using all non-minority tenant association members to review applications from protected class members; advising prospective renters or buyers that they would not fit with the existing residents.

- Discriminate 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 deposit of protected class members, but not for non-class members; assigning persons to a specific floor or section of a building, development, or neighborhood; evicting minorities, but not whites, for late payments or poor credit.

- Make, print, publish, or post (direct or implied) statements or advertisements that housing is not available to members of a protected class.

- Persuade or attempt to persuade people, for profit, to rent or sell their housing due to minority groups moving into the neighborhood.

- Deny or make different loan terms for residential loans due to membership in 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; applying different procedures for foreclosures on protected class members.

- Deny persons the use of real estate services
- Intimidate, coerce, or interfere
- Retaliate against a person for filing a fair housing complaint

The Act requires housing providers to make reasonable accommodations in rules, policies, practices, and paperwork for persons with disabilities. They must allow reasonable modifications in the property so people with disabilities can live successfully.

HUD provides funding to state and local governments to enforce local fair housing laws that are substantially equivalent to the Act. Once a state or city have a substantially equivalent fair housing law, they can apply to be certified as Fair Housing Assistance Program (FHAP) agency and receive funds for investigating and conciliating fair housing complaints.

A city must be located in a state with a fair housing law that has been determined by HUD to be substantially equivalent. The city must also adopt a law that HUD concludes is substantially equivalent in order to participate in the FHAP program. The local law must contain the seven protected classes: race; color; sex; religion; national origin; familial status; handicap. It must also have substantially equivalent powers in investigations, remedies, and enforcement.

The State of Texas passed the Texas Fair Housing Act in 1989 as part of its housing policy. The law contains all of the requisite provisions and is substantially equivalent to the Federal Fair Housing Act.

The city's Housing Ordinance was passed in the 1960's. It did not include the protected classes of familial statues and handicap. The City of Houston does not have a substantially equivalent local fair housing ordinance. The Analysis of Impediments of 2005 recommended the passage of a substantially equivalent fair housing ordinance. In 2006, the city initiated the development of a substantially equivalent local fair housing ordinance, but did not meet the federal requirements to be substantially equivalent.

## B. Enforcement

While offering no enforcement of fair housing laws because of the lack of a substantially equivalent housing ordinance, the city's Fair Housing Office (FHO) is helpful to the citizens of Houston by providing excellent landlord/tenant counseling. The number of people served continues to grow. The FHO has also increased its outreach in the Houston area. The FHO was involved in seminars,

television, radio programs, and print media interview as well. While not doing any actual discrimination enforcement, the FHO does screen clients for any prima facie cases of illegal discrimination. Upon finding a prima facie case the claimant is referred to the regional HUD office, the local HUD office, or the Greater Houston Fair Housing Center. The FHO provides a very necessary service but a substantially equivalent FHO would provide even greater benefits to the citizens of Houston.

The Greater Houston Fair Housing Center (GHFHC) is a private non profit organization founded in 1999. It became a HUD recognized Fair Housing Initiatives Program (FHIP) in 1999, providing a variety of programs and services. It is a Qualified Fair Housing Enforcement Organization (QFHO) as recognized by the federal government. The agency is a full service fair housing center offering fair housing enforcement activities as well as education and outreach. The GHFHC has conducted fair housing testing where matched individuals or pairs posing as potential tenants or buyers visit properties to seek information about housing opportunities. Testing has shown that discriminatory practices are still common in Houston. Services are provided in English and in Spanish.

The GHFHC conducts ongoing education and outreach activities as part of its ongoing efforts to make people aware of their fair housing rights. During Fair Housing Month, April 2010, various activities were conducted through Houston to inform communities about their federal fair housing rights at the following events:

- |                |  |
|----------------|--|
| April 14, 2010 | Housing Forum<br>Houston Center for Independent Living<br>6201 Bonhomme Rd., #150 South<br>1:00 pm – 2:00 pm       |
| April 15, 2010 | City of Houston<br>Housing and Development Committee Meeting<br>City Hall Chambers, 901 Bagby<br>2:00 pm – 3:00 pm |

- April 17, 2010      Citizenship & Immigration Forum  
 Mayors Office on Immigrant Affairs  
 Houston Community College  
 Southeast Campus, Community Center  
 10:00 am – 1:00 pm
- April 17, 2010      Spring Festival, Tejano Center for Community Concerns  
 Raul Yzaguirre Charter School, 2905 Broadway  
 10:00 am – 2:00 pm
- April 17, 2010      Acres Homes Health Fair  
 6719 W. Montgomery Rd.  
 10:00 am – 3:00 pm
- April 23, 2010      Fair Housing Legal Seminar  
 University of Houston Law Center  
 109 BLB  
 9:00 am – 11:30 am  
 4800 Calhoun Rd

In addition, the GHFHC holds its “9<sup>th</sup> Annual Fair Housing Luncheon” on May 13, 2010, at Houston Community College, Training and Conference Center, to commemorate the 42<sup>nd</sup> Anniversary of the Federal Fair Housing Act. The event features a civil rights presentation by 165th District Court Judge Josefina M. Rendón of Harris County, Texas. Media coverage is garnered throughout the community to promote fair housing from the event.

The City of Houston’s 2005 Analysis of Impediments recommended that the City support the fair housing activities of the GHFHC.

The City of Houston is contracting with the GHFHC for the development of its 2010 Analysis of Impediments.

### C. Production and Enforcement of Affordable Units

The City of Houston's housing environment has to be reviewed to assess the adequacy and effectiveness of its housing programs. The housing programs it has designed and implemented need to be evaluated to determine if they are reaching the target market, and identifying and serving those with the greatest need.

A major housing goal of the city is to increase the percentage of homeowners in Houston. According to a 2008 U.S. Census estimate, 46.7% of homes were owner occupied and 53.3% were occupied by renters. During Program Year 2008, the City produced 2,737 multi-family units through its housing programs. In its fourth program year, the City has exceeded its five –year objective to create 2,000 units of multi-family housing by 5,389 units.

The city has a Homebuyers Assistance Program (HAP) that is restricted to low and moderate-income families/households whose yearly income does not exceed eighty percent (80%) of Houston's median income. In 2008, the City provided mortgage assistance to 368 eligible homebuyers for purchase of both new and existing single-family residences. The City assisted 438 residents through the Storm Sewer Reimbursement Program for a total of 804.

The 2010 Consolidated Annual Plan identified the following funding sources:

CDBG, ESG, HOME, HOPWA

For Fiscal Year 2010, the city's goal is to make approximately 250 units of multifamily housing available to low and moderate-income residents. The city plans on assisting 215 homebuyers through its down payment and closing cost program in 2010. The rehabilitation of 241 owner existing units is planned. Housing is the centerpiece of all the City of Houston's efforts to serve low and moderate-income residents.

The Down Payment Assistance Program Division has three homebuyer programs assisting 215 homeowners: (1) Homebuyer Assistance Program (HAP) provides direct financial assistance to low and moderate homebuyers to purchase decent and safe affordable homes; (2) Houston HOPE Program (HHP); (3) Workforce Housing Program (WHP) through its Down Payment Assistance Program.

The Single Family Repair Program (SFRP) addresses home repairs needed to alleviate specific life, health, and safety hazards resulting from substandard conditions in the aging housing stock. It assists 241 housing units per year

Multi-Family/New Construction units are to be constructed to make available 173 homes to low and moderate-income residents through federal grants. Priorities are the disabled, low income, and senior residents.

Priority Homeless Needs are addressed by supporting the Gulf Coast Workforce Board and the Continuum of Care to work with families at risk of becoming homeless.

Priority Community Development Needs are supported through senior services, community center development , youth services, and health programs.

The City has identified the following obstacles to meeting the needs of the underserved households attempting homeownership of affordable decent housing:

- Lack of substantial funds to initiate homeownership
- Need to improved direct outreach to households in need
- Households seeking mortgages have difficulty meeting underwriter requirements
- Ability for prospective household to sustain necessary income for homeownership
- Fixed incomes
- Lack of affordable housing

#### D. Regulatory and Public Policy Review

In the execution of its Consolidated Plan, the City of Houston and its various partner agencies will promote fair housing and sustainable development, enhance the capacity of community-based organizations and local government, remove barriers to affordable housing, and improve the outcomes of government actions.

Municipal regulations can be a barrier to affordable and fair housing. They can add undue time and cost to housing production. These regulations may include out-of-date building codes, duplicated or time-consuming design review or approval processes, burdensome rehabilitation codes, unnecessary or excessive fees and taxes, extreme environmental restrictions or excessive land development standards.

The city construction codes are designed to protect both the citizens and neighborhoods of Houston. The building and inspection codes are the same ones you would expect to find in the fourth largest city in the United States. These codes and ordinances require both permits and inspections from the drawing to the completion of the project. In most cases post completion inspections may be necessary to assure the continued safety of a completed project. Any additions to or remodeling of a completed structure will also require permits just as it did when the project originally started.

Housing conditions fall into three categories: Standard dwelling condition, substandard housing, or substandard condition but suitable for rehabilitation. Substandard housing is a housing unit which is deficient in any or all of the acceptable criteria of section 8 Housing Quality Standards (HQS) and, where applicable, the adopted local housing codes. Substandard apartments and deteriorating housing stock in historic neighborhoods have made finding quality rental housing a challenge. The City's Apartments to Standards and Single-family Home Repair programs address low and moderate income Houstonians' demand for remediation services. City of Houston code inspectors issued more than 2,300 citations for structural and electrical problems at apartments in 2006-2008.

## E. Fair Housing Complaints

The city's FHO is the only municipal entity in the Houston metropolitan area specifically dedicated to providing education and counseling to both landlord and tenant. Tenants comprise the largest group of people served by the FHO. Landlords are also welcomed. Landlords occasionally call seeking answers to landlord tenant issues. The FHO also refers callers to a number of other city and state offices. Inside the City of Houston, a caller might be referred to another department for assistance. Among these are Neighborhood Protection for inspection for code violations, and Environmental Protection for inspections for mold. These two areas get the majority of referrals from the FHO within the city. The FHO also refers callers to the state Attorney General's Office of Consumer Protection. Lone Star Legal Aid, Greater Houston Housing Center, Houston Tenants Council, Houston Housing Authority, Houston Center for Independent Living, and the Houston Volunteer Lawyer Program. This list is by no means complete as situations give rise to other referrals. The FHO also makes itself visible by participating in community outreach opportunities. These opportunities occur during seminars, Fair Housing Month activities, television and radio programs, first time homebuyers fairs, etc. The FHO has a notable impact but a substantially equivalent fair housing office could do even more.

The Greater Houston Fair Housing Center (GHFHC) is a full service fair housing center. It is a qualified fair housing enforcement organization with eleven years of experience in complaint intake, complaint investigation, testing for fair housing violations, and meritorious claims. The GHFHC offers fair housing enforcement, education, and outreach services. It takes allegations of housing discrimination from protected class members. It investigates to determine if there are sufficient facts and evidence to support filing a federal complaint with the U.S. Department of Housing and Urban Development. Most complaints handled by the GHFHC are administratively processed through HUD. They are either investigated by HUD or forwarded to the Texas Workforce Commission Civil Rights Division for further investigation.

In 2009, the Greater Houston Fair Housing Center handled 304 complaints alleging housing discrimination. The vast majority were disability related (106). The rest were familial status (33), race

(79), and national origin (83). Over 50 allegations were forwarded to the U.S. Department of Housing and Urban Development as housing discrimination enforcement proposals.

#### F. Fair Housing Barriers

The lack of a sufficient number of residential units is a barrier to securing affordable housing. The housing stock in the city has been changing rapidly. The redevelopment in the inner city has increased the cost for both rental and for sale property. The properties that are being built are not affordable to most working families. Low and moderate income people have to expend thirty percent (30%) to thirty seven and one half percent (37.5%) of their income for housing. Many households have to move further away from their jobs and historical neighborhoods because of the lack of affordable housing.

A major barrier to affordable housing and fair housing choice is the price of land. Land costs, particularly within Loop 610, are getting extremely high and unaffordable. With the redevelopment of the downtown area, the gentrification of the inner city has taken on a greater intensity. Town homes and lofts are being built right next door to generational homes. The cost of the land alone is dramatically going up every year. The taxes and insurance costs are forcing many families to sell and relocate. The price of the land alone is more than many families can afford to pay for a home in some areas. The barrier of land cost will impede the development of affordable housing in the city.

A major barrier is the need for housing for disabled people. According to the city's 2004 Consolidated Annual Plan, there are more than 360,000 people with disabilities in Houston. This population's housing needs are tremendous. Housing for the disabled has to be accessible as well as affordable. The 100 units proposed by the city will help meet the need for disabled housing. The lack of awareness of disability housing rights by landlords and managers contributes to the problem. Many properties could be made accessible with a little effort by the landlords.

Another barrier is the need for reasonable modifications and accommodations for disabled housing. Housing providers are obligated by federal and state law to make a reasonable accommodation or modification in the housing environment in order for a disabled person to fully enjoy the dwelling.

Many public and private housing providers are ignorant of their obligations to the disabled. Fair Housing education and outreach is necessary for managers of both private and public housing. Enforcement actions are needed in order to insure that the rights of people are protected.

In 2003, the Houston Housing Authority, a major public provider, agreed in a conciliation with HUD to follow federal disability requirements under Section 504 of the Rehabilitation Act and the Fair Housing Act. It had to make 5% of its 3,800 units accessible to the disabled and follow the rules for reasonable accommodations/modifications.

Another barrier is the need for the city to become substantially equivalent to federal fair housing law. The State of Texas has a fair housing law that is substantially equivalent to the federal Fair Housing Act.

Another barrier is the need for more fair housing services. The existing agencies can only deal with a limited number of people. The city's Fair Housing Section provides information and referrals on a daily basis but no enforcement. Fair housing enforcement services are provided by the Greater Houston Fair Housing Center. There is a constant flow of fair housing complaints in the city. The issue of housing discrimination is very real to the thousands that seek housing or suffer from housing abuse. There is a critical need to support these fair housing efforts as an active part of the development of affordable housing.

Another potential barrier area is the building and land development codes. They should be reviewed and updated to insure incorporation of federal standards for multifamily housing from the federal Fair Housing Act and the Americans with Disabilities Act.

## **City of Houston AI**

### **Section III: Home Mortgage Disclosure Act (HMDA) Data Analysis, Fair Housing Survey**

#### **A. Home Mortgage Disclosure Act Data Analysis**

The Federal Financial Institutions Examinations Council (FFIEC) gathers data on home mortgage activity from the federal agencies that regulate the home mortgage industry through the Home Mortgage Disclosure Act (HMDA). The data contains variables that facilitate the analysis of mortgage lending activities like: race, income, census tract, loan type, and loan purpose. The data documents the use of financial products by minorities and can show disparities.

The HMDA data in this analysis is for 2008 and covers the Houston MSA within Harris County. The data shows that for the Houston MSA in 2008, Whites had a considerable advantage in loans of all types for home purchase, refinance, and home improvements. Whites submitted three to ten times more applications than Blacks and Hispanics. Whites had much higher loan origination rates and were denied far less times.

The data is summarized through various methods. The tables in the appendix cover the HMDA data in detail. All racial and ethnic groups are reflected in the tables. The loans are divided into two types. These are FHS, FSA/RHS, VA loans and conventional loans. The following charts will compare HMDA data for the three largest groups, Blacks, Hispanics, and Whites.

Chart 3.1 shows the number of FHA, FSA/RHS, and VA home purchase loan applications received in 2008 for Blacks, Hispanics, and Whites in Houston/Harris County. The number of White applications (20,049) is 385% higher than Blacks (5,213) and 273% higher than Hispanics (7,356).

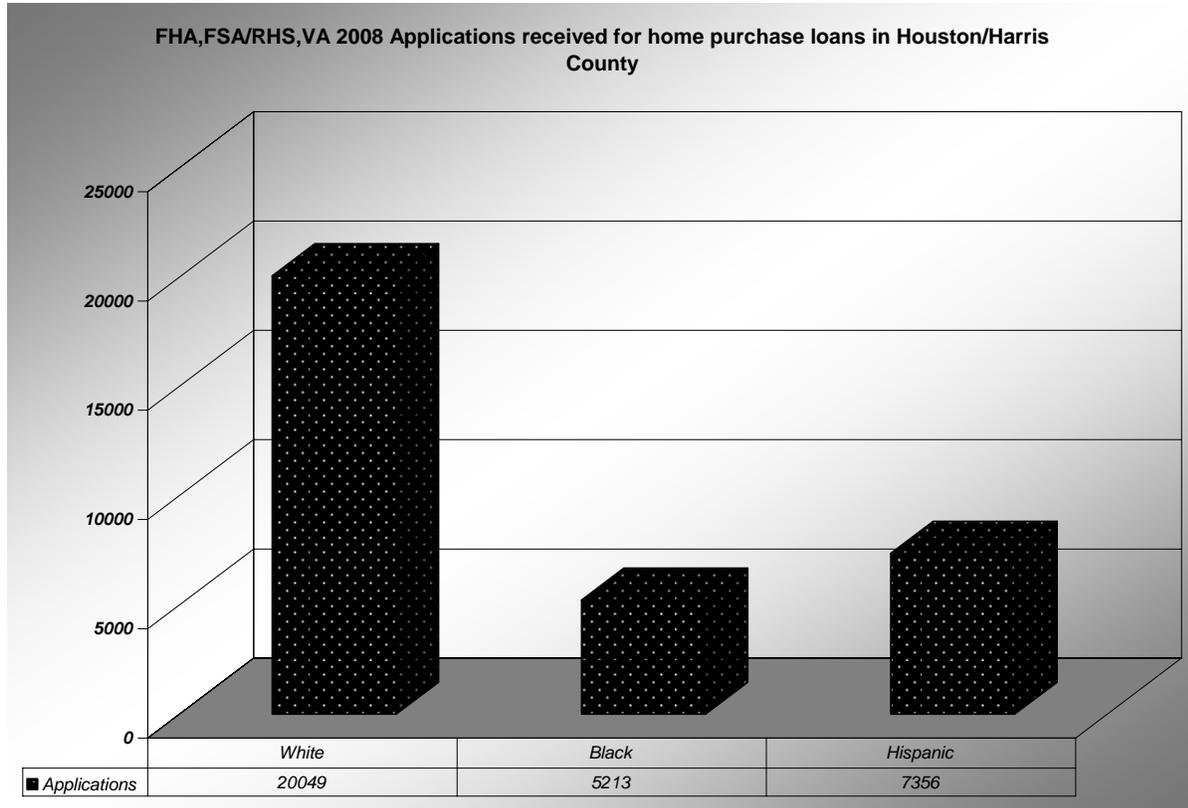


Chart 3.2 shows the percentage of Black, Hispanic, and White FHA, FSA/RHS, and VA home purchase loan applications that were originated in Houston/Harris County in 2008. Origination rates for Whites (14,409) were 72%, Blacks (3,181) were 61%, and Hispanics (4,875) were 66%. A significant higher percentage of Whites were approved for loans than Blacks and Hispanics.

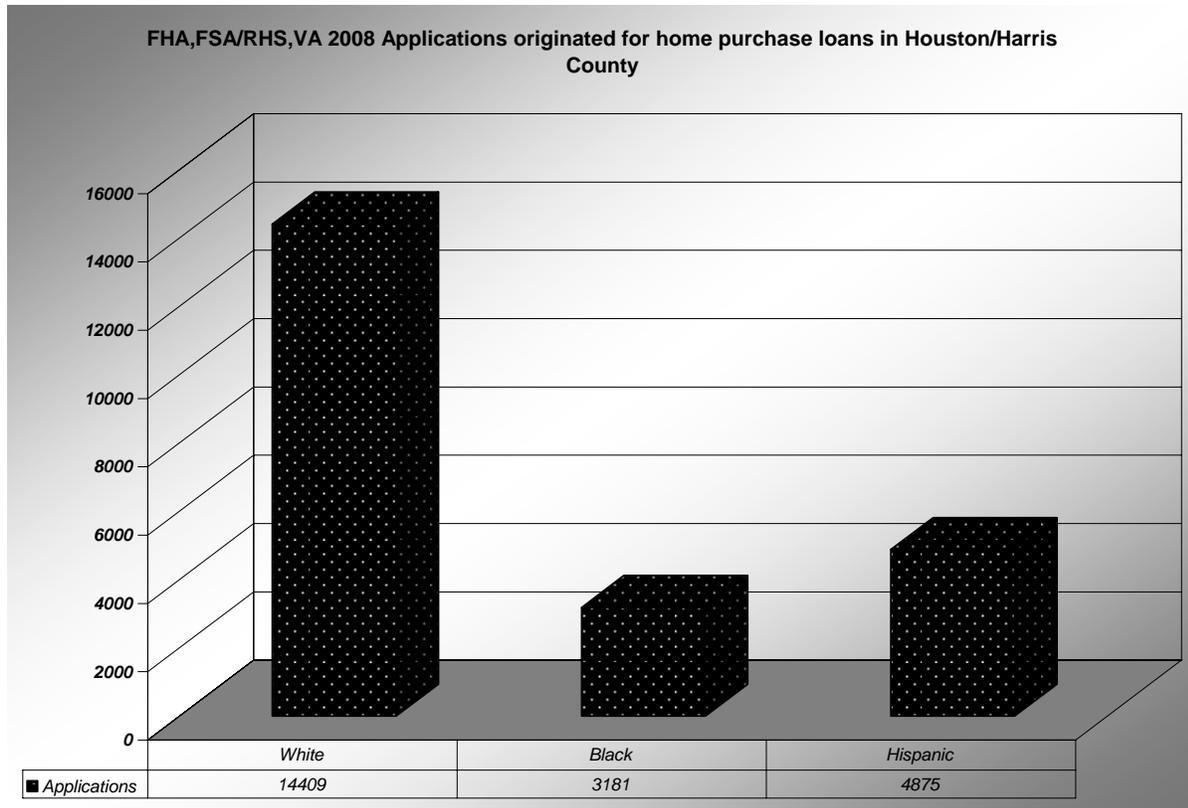


Chart 3.3 shows the denial rate for FHS, FSA/RHS, and VA loans. The denial rate was 13% for Whites (2,652), 21% for Blacks (1,119) and 18% for Hispanics (1,336). Blacks were denied over 50 % as much as Whites and Hispanic over 50% as much as Whites.

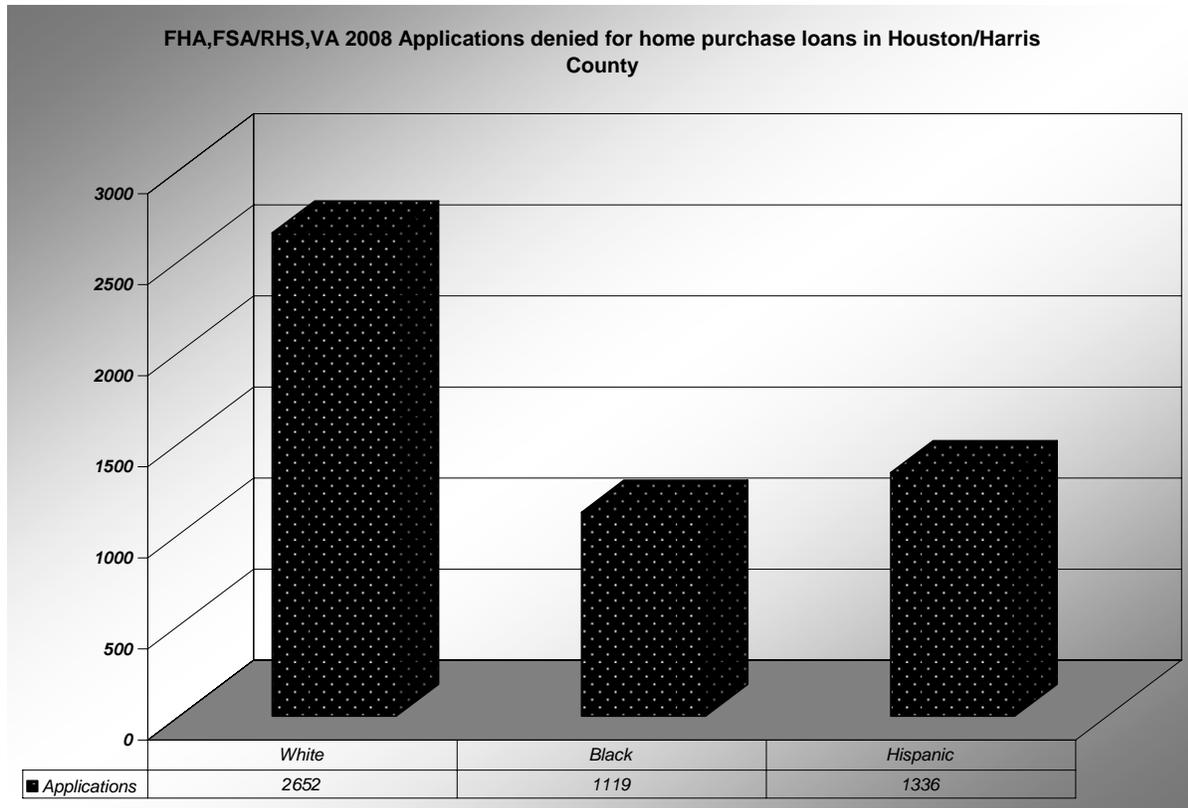


Chart 3.4 shows the number of conventional home loan applications received for the three largest groups in Houston/Harris County in 2008. Whites had 56,902 applications, Blacks had 5,368 applications, and Hispanics had 13,853 applications. Whites had 51,534 or 960% more applications than Blacks and 43,070 or 311% more applications than Hispanics.

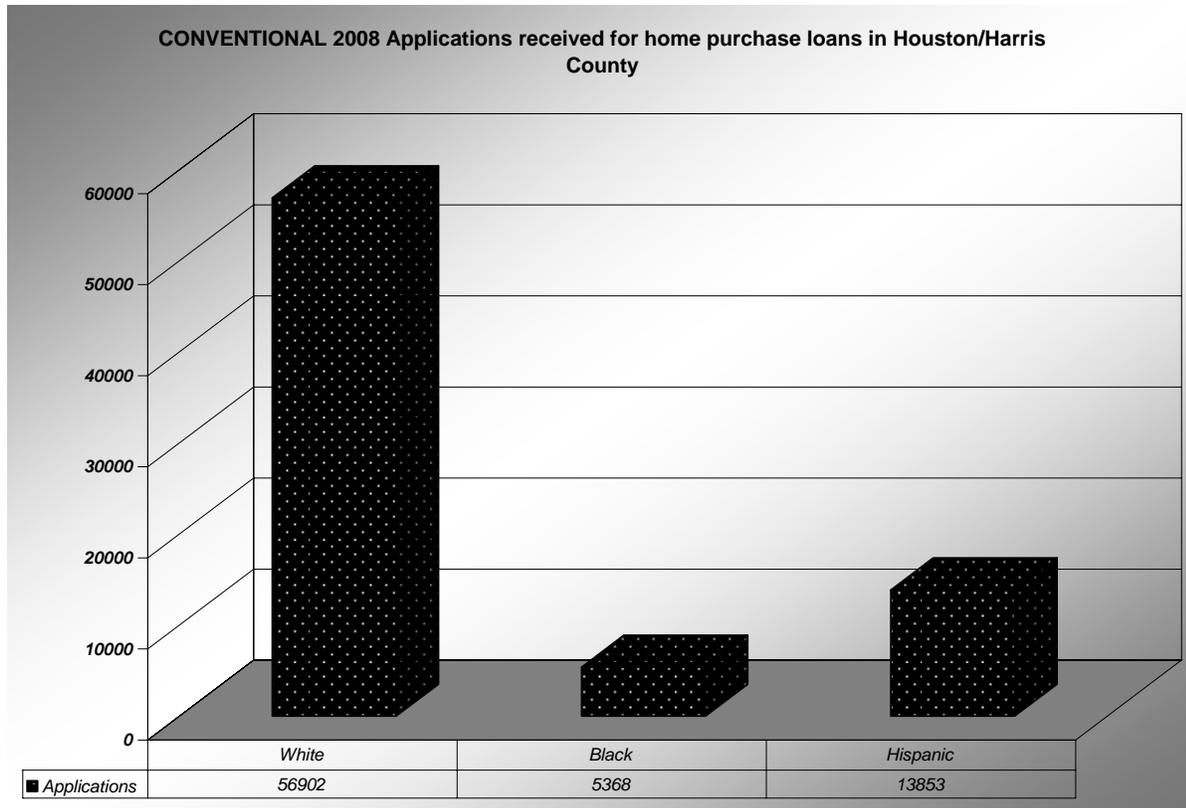


Chart 3.5 shows the conventional home purchase loan origination rates for 2008 in Houston/Harris County. Origination rates for Whites were 65%. Black origination rates were 45%, and Hispanic origination rates were 52%. Whites had the highest percentage approval rate of the highest number of applications received. 36,810 White originated applications compared to 2,438 Black originated applications, and 7,254 Hispanic originated applications. Whites have a tremendous advantage in the acquisition of homes over Blacks and Hispanics.

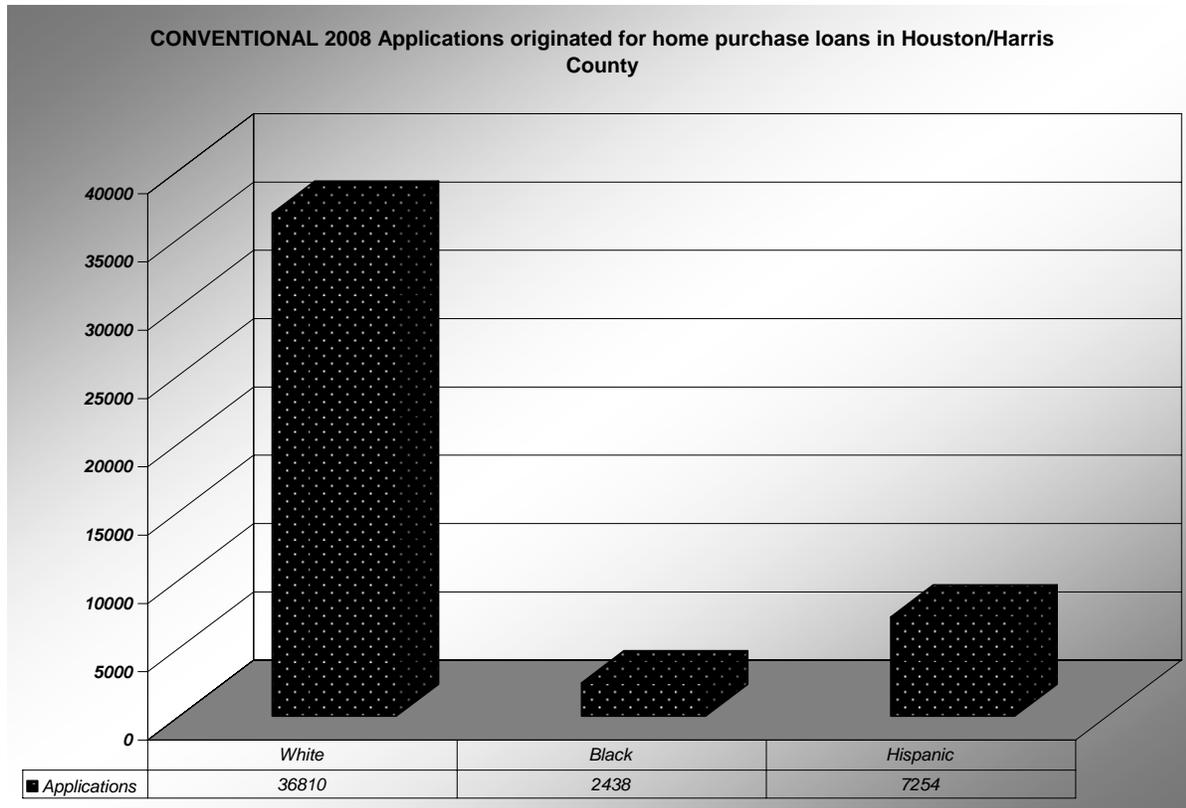
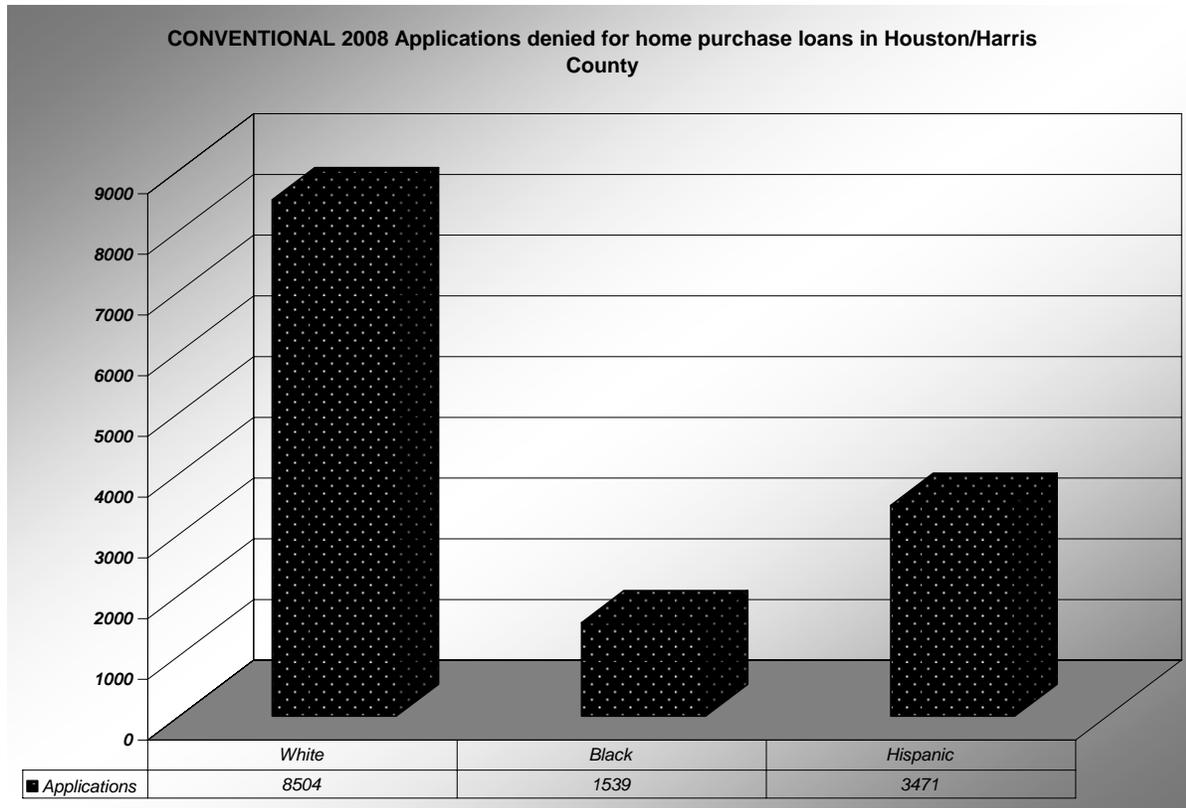


Chart 3.6 shows the denial rate for conventional home purchase loans in Houston/Harris County. The denial rate was 15% for Whites (8,504), 29% for Blacks (1,539) and 25% for Hispanics (3,471). Blacks were denied twice as much as Whites and Hispanics were denied 167% more than Whites. The denial rates again demonstrate a clear disadvantage for Blacks and Hispanics in seeking a conventional loan for a home.



It is clear that Whites have the highest levels of loan originations in both types of loans. Blacks are extremely behind in both non-conventional loans and conventional loans. Hispanics are not doing much better in either loan process.

Chart 3.7 shows the number of applications for refinancing a mortgage in Houston/Harris County in 2008. The number of White applications was 53,745. Black applications were 11,085, and Hispanic applications were 18,628. Whites submitted 485% more applications than Blacks. Whites submitted 289% more applications than Hispanics. This is a tremendous number of applications that play a significant role in the changing dynamics of Black and Hispanic households. Many homes are being lost or going without repairs because of the inability to refinance.

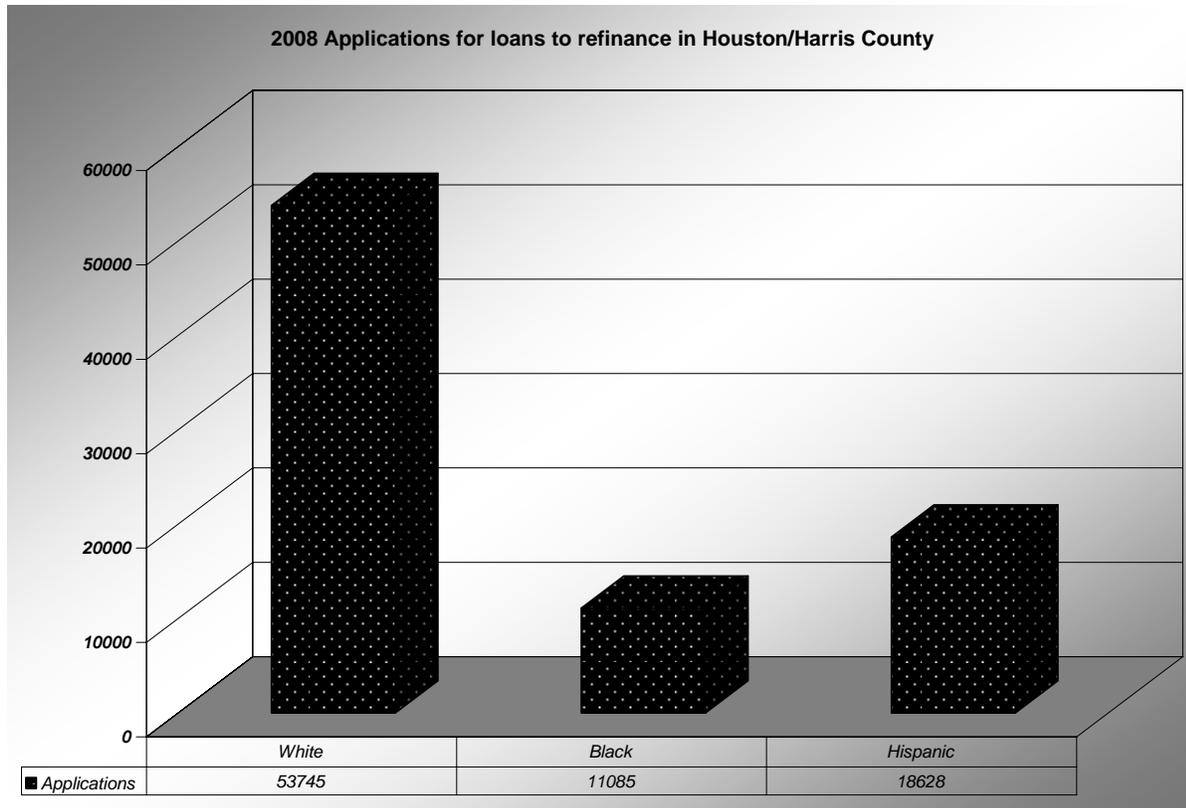


Chart 3.8 shows the percentage of applications to refinance a mortgage that were originated for Blacks, Hispanics, and Whites, in Houston/Harris County for 2008. Whites had a 40% origination rate, Blacks had a 22% origination rate, and Hispanics had a 26% origination rate. Given the high numbers of White applications for loans to refinance, Blacks and Hispanics are at a clear disadvantage. There were 21,612 originated applications for Whites, compared to 2,467 originated applications for Blacks, and 4,808 originated applications for Hispanics.

There were 876% more White mortgage refinance originations than Black, and 450% more White originations than Hispanic.

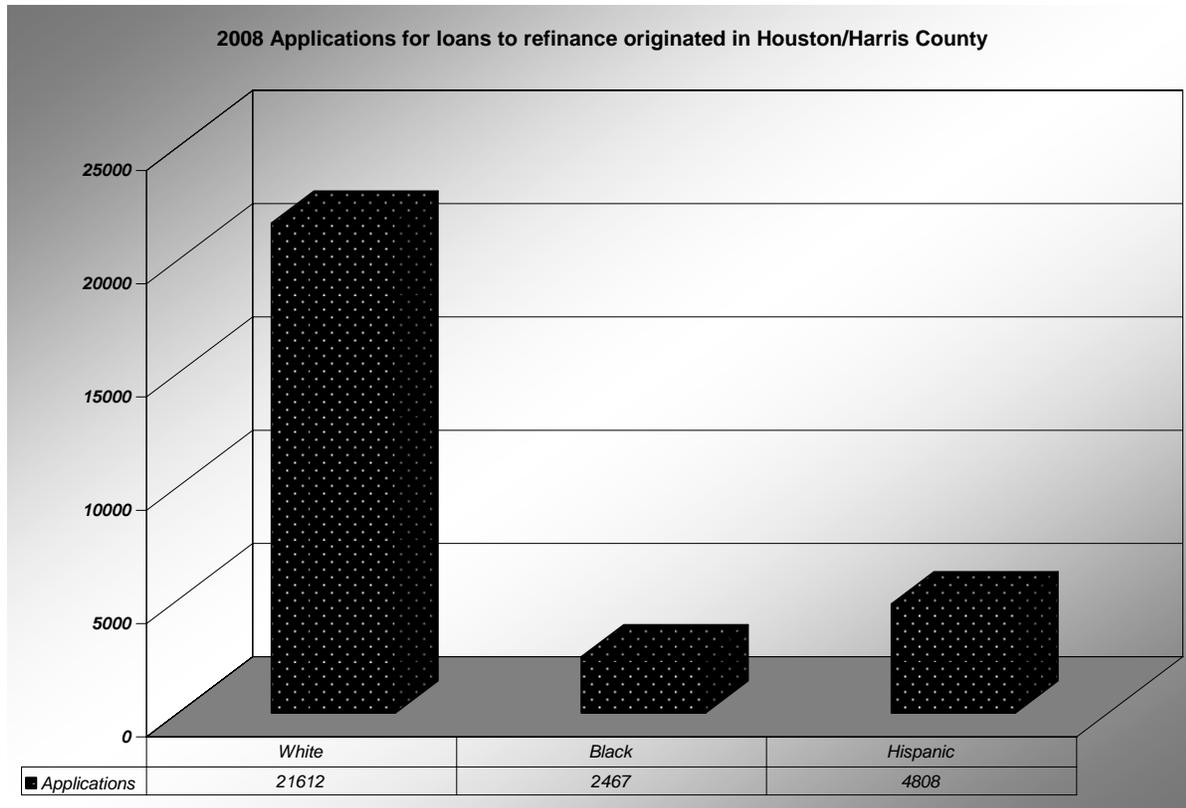


Chart 3.9 shows the percentage of applications to refinance in 2008 that were denied in Houston/Harris County for Blacks, Hispanics, and Whites. Blacks were denied at a rate of 54% (5,961) Hispanics at a rate of 52% (9,716), and Whites at a rate of 36% (19,414). The denial rate for Blacks and Hispanics is considerably higher than that of Whites.

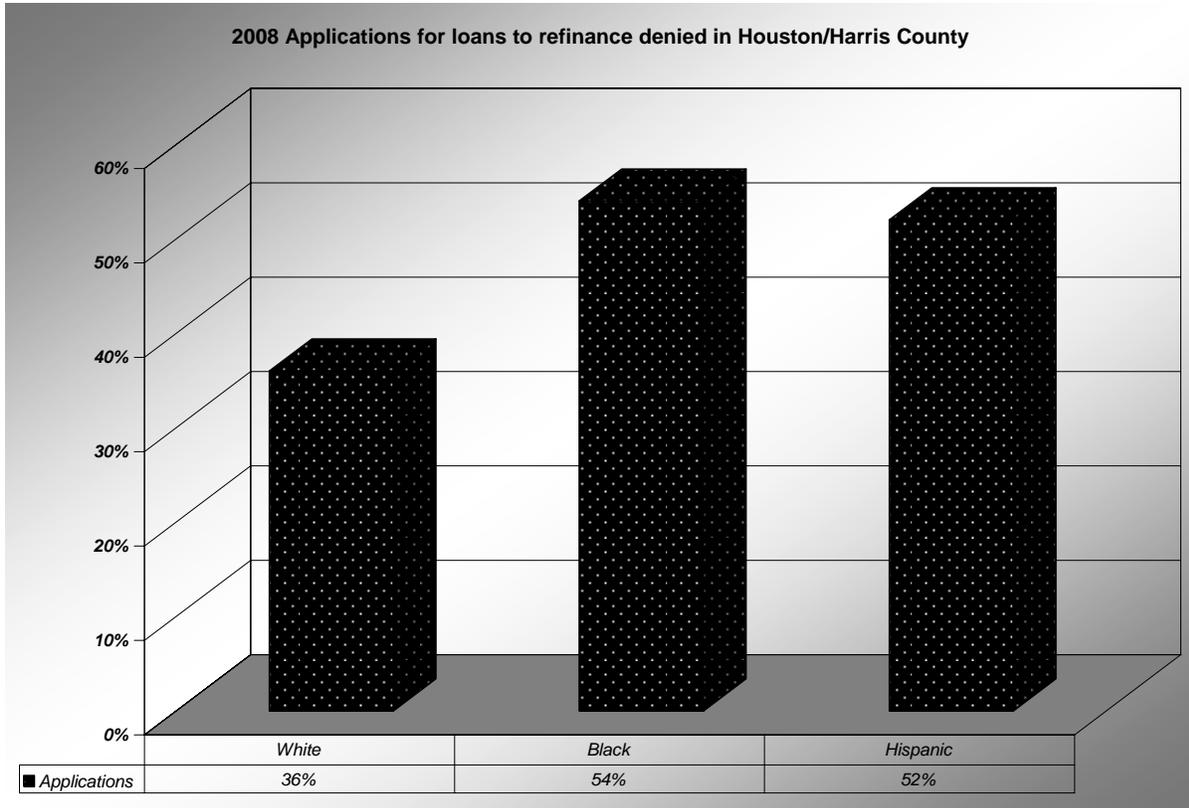


Chart 3.9 shows the number of applications for home improvements in Houston/Harris County in 2008. The number of White applications was 17,196. Black applications were 3,811, and Hispanic applications were 5,905. Whites submitted 451% more applications than Blacks. Whites submitted 292% more applications than Hispanics. Many families' homes are going without desired improvements because of the inability to finance them.

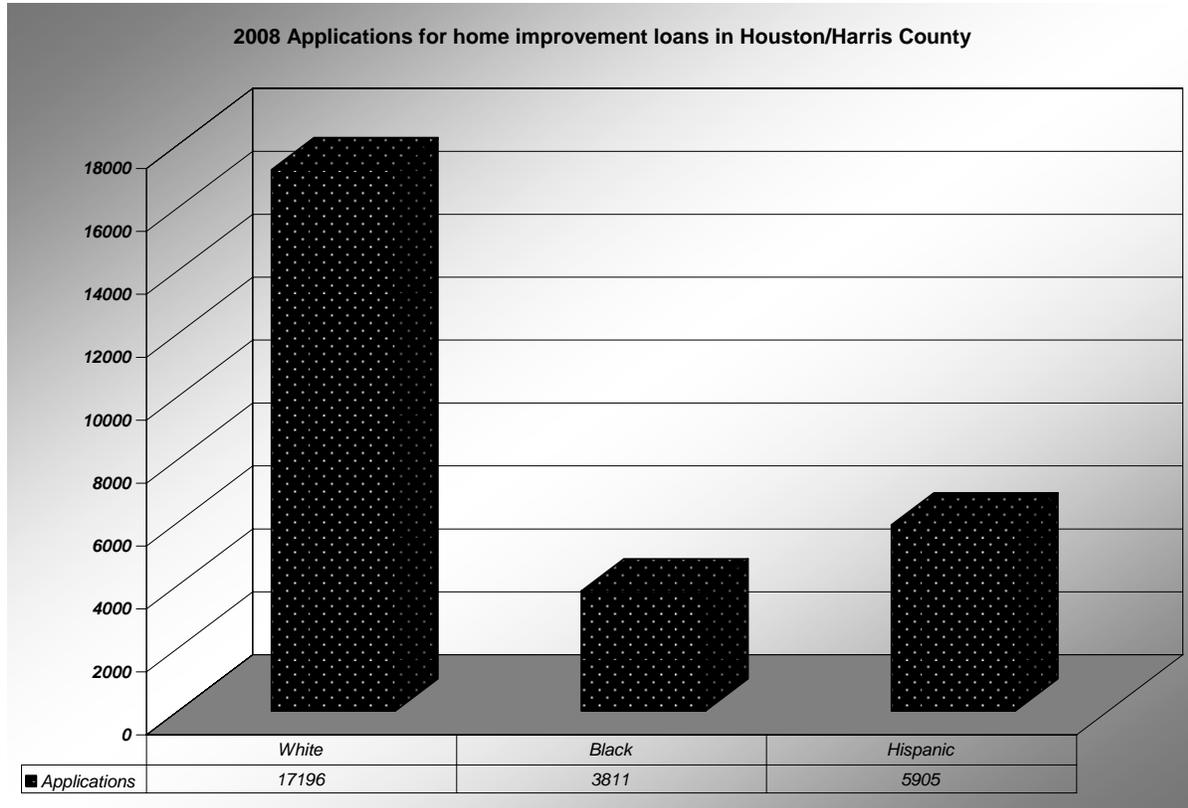


Chart 3.9 shows the percentage of applications for home improvements that were originated for Blacks, Hispanics, and Whites, in Houston/Harris County for 2008. Whites had a 35% origination rate, Blacks had a 17% origination rate, and Hispanics had a 23% origination rate. There were 5,967 originated applications for Whites, compared to 655 originated applications for Blacks, and 1,344 originated applications for Hispanics. There were 910% more White mortgage refinance originations than Black, and 444% more White originations than Hispanic.

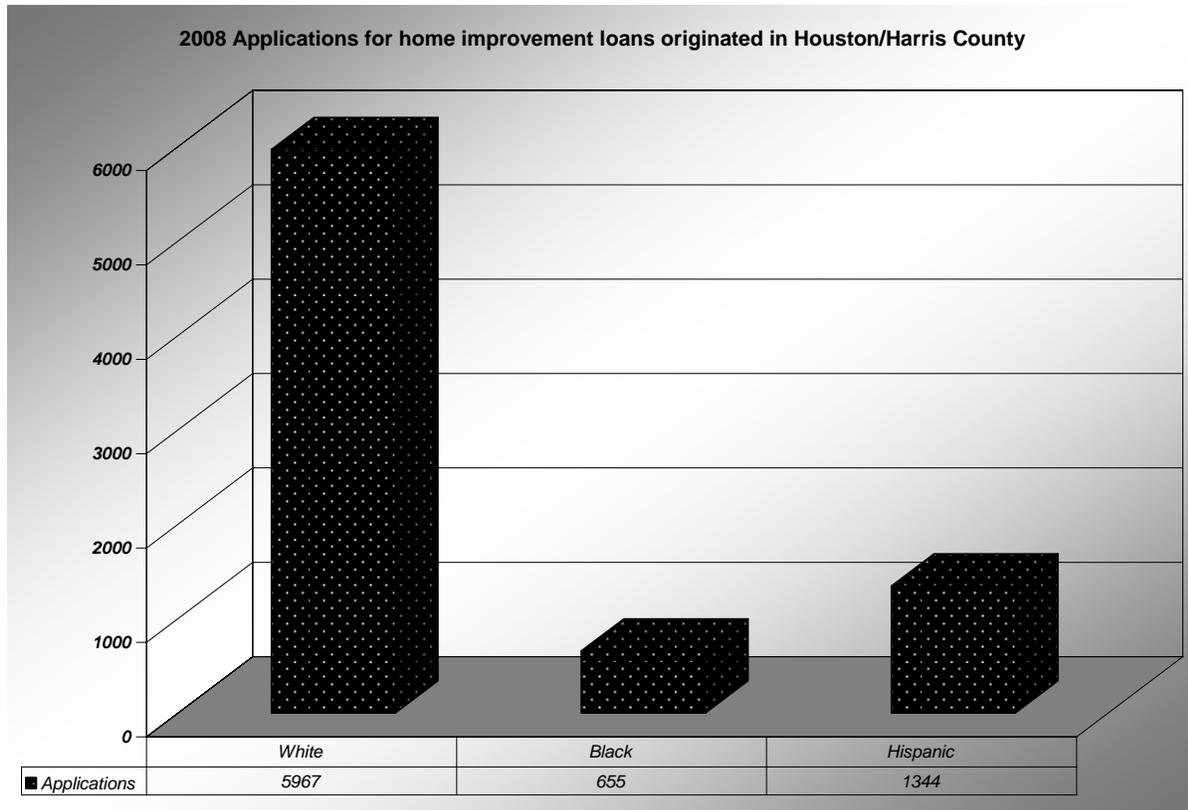
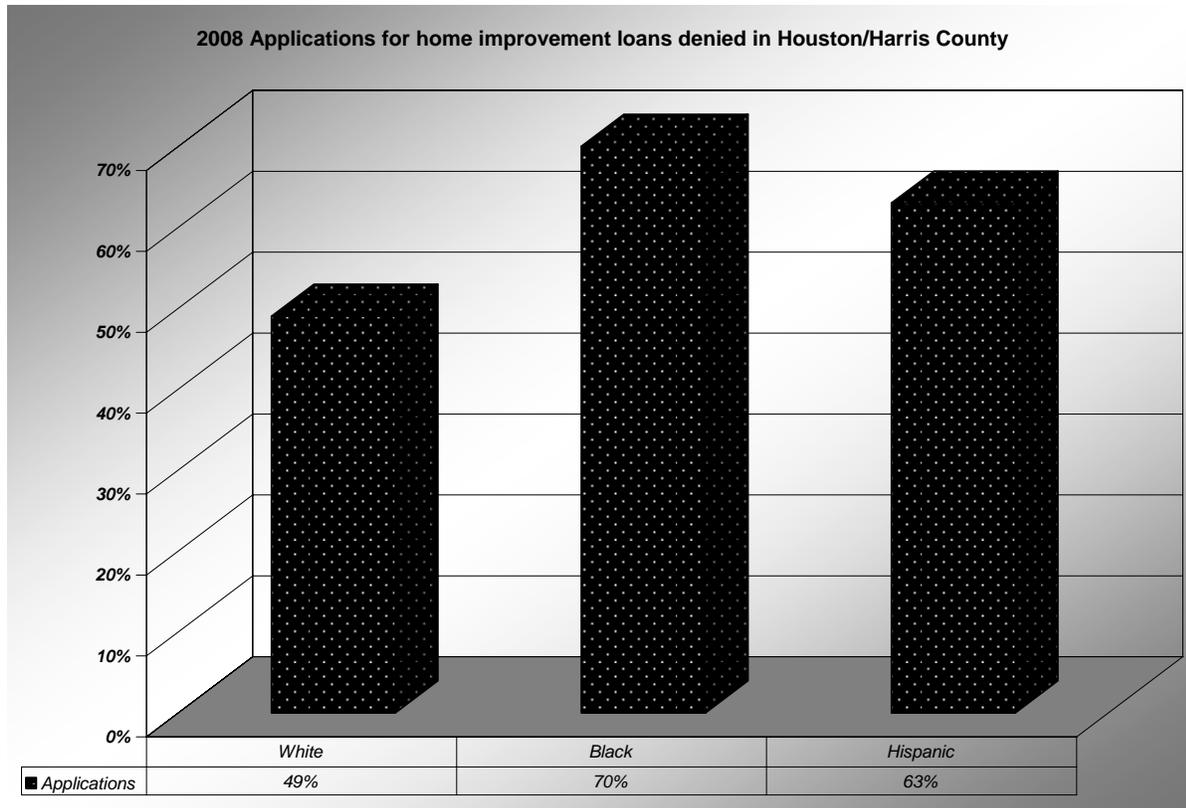


Chart 3.9 shows the percentage of applications for home improvements in 2008 that were denied in Houston/Harris County for Blacks, Hispanics, and Whites. Blacks were denied at a rate of 70%, Hispanics at a rate of 63%, and Whites at a rate of 49%. The denial rate for Blacks and Hispanics is considerably higher than that of Whites.



### C. Fair Housing Survey Results

A housing survey was conducted by the University of Houston in 2004-2005 and again in 2010. The results of both studies are the following:

A housing survey was conducted from August 2004 through March 2005 among lower income persons who were housed or homeless. Among the questions asked was a section on fair housing. While the survey targets only a small element of Houston’s population it gives figures on fair housing concerns. The survey shows that one third or respondents experienced denial of access to a house, apartment, or section 8 housing and received differential treatment. One fourth of the group was “steered” or directed away from accessing housing.

Table 3.5 Houston Housing Survey 2004				
Fair Housing Practices				
Infraction	No	Yes		
Denied Mortgage Loan	83.4	16.6		
Denied Private Insurance	84.8	16.6		
Denied Property Insurance	88.3	11.7		
Denied House/Apartment	65.8	34.2		
Received Differential Treatment	67.6	32.4		
Was Steered	74.4	25.6		
Denied Section 8 Housing	72.2	27.8		
(Houston Housing Survey, Rita D'Andrea, University of Houston 2004)				

The University of Houston Policy Center conducted a “2010 Needs Assessment Survey” for the City of Houston. The housing discrimination part of the survey concluded that less than 7 percent of all respondents across all categories reported any experiences with housing discrimination.

The needs assessment said that while economic growth has recently been stunted by the national and global recessions, Houston is expected to continue to expand over the long term, adding nearly 1.5 million jobs in the next 25 years and 3.7 million people. Employment and population, which are now over 2.5 million and 5.1 million respectively, will increase to 3.2 and 7.4 million by 2020 in the metro area.

Based on the responses, the survey recommended particular attention is directed toward the needs of the elderly population of the City of Houston, especially with respect to affordable housing and healthcare. Other critical issues identified were in the areas of public infrastructure and improvements and economic development and job creation; and that these items should also continue to remain a funding priority.

## **City of Houston AI**

### **Section IV: Impediments to Fair Housing**

#### Introduction

The following Impediments to Fair Housing in the City of Houston demonstrate that Protected Classes under the Federal Fair Housing Act and the Substantially Equivalent Texas Fair Housing Act are not receiving equal housing opportunities.

It is very clear through the City's Consolidated Plan that the low and moderate incomes areas in the City of Houston are the same geographic areas where there is a concentration of people of African American, Hispanic, and Asian origin. The level of educational attainment is very low among minorities. Occupations for minorities are primarily service, construction, or maintenance. Partly because of a poor public transit system and the high cost of private vehicles, minorities are relegated to the same poor paying jobs in concentrated areas with historical segregated housing patterns.

Some protected classes, such as Race and National Origin, have the highest population numbers in the City, but they also have the lowest number of housing related loan applications and the highest denial rates. . These minority concentrations have the least amount of housing capital infusion from lending institutions as evidenced by the lack of loans. The traditional low and moderate income minority neighborhoods where they live continue to have deteriorating older housing stock without the necessary capital to improve them.

The disabled continue to suffer from the lack of accessible housing. Families with Children suffer from inadequate housing and abusive landlords. Immigrant populations with Limited English Proficiency suffer discrimination daily, including fraud in housing transactions. Fair housing awareness is desperately needed in the city as is enforcement of people's fair housing rights under federal and state law. A substantially equivalent fair housing ordinance is needed in the City to protect people, as well as a Fair Housing Administrative Program (FHAP) to help enforce violations.

The impediments are divided into four categories: Real Estate Impediments; Public Policy Impediments; Banking, Finance, and Insurance Impediments; and Socioeconomic Impediments.

## **IMPEDIMENT: Discrimination against Disabled**

Disabled people suffer daily from discrimination. This group files the highest number of complaints with HUD each year. A 2005 study by the Urban Institute of housing discrimination based on disability documented significant levels of unfair treatment. Issues of accessibility, and design and constructions are common in the lives of the disabled. The disabled many times do not confront an abusive landlord for fear of losing the unit or having additional costs applied for complaining. Abusive landlords take advantage of disabled residents by not complying with requests for reasonable accommodations and reasonable modifications. The City's older housing stock is not accessible without investment in modifications. Disabled tenants are sometimes charged higher rents and deposits for reasonable accessibility requests. Landlords are many time ignorant of their obligations under the law. They need fair housing education.

*The city should support efforts to educate the disabled about their fair housing rights and support efforts to enforce their fair housing rights.*

*The city should work with landlords to inform them about their obligations to provide accessible housing.*

## **IMPEDIMENT: Discrimination of race versus white in housing rental and sales market.**

The HUD report *Discrimination in Metropolitan Housing Markets* showed that African Americans continue to suffer discrimination in the City of Houston. In 2000, HUD conducted a nationwide report on housing discrimination in 23 metropolitan cities. The study used paired testing to observe the difference in treatment of the minority verses the white home seeking experience. Testing is a widely-accepted methodology that has been utilized for both enforcement and research for decades. Fair housing testing is a controlled method for measuring and documenting differences in the quality, quantity and content of information and services offered or given to various home seekers by housing or housing service providers. The study concluded that Houston had high levels of discrimination for African Americans and Hispanic renters and homebuyers. In 2001, the *Houston Rental Audit* was

conducted by the Greater Houston Fair Housing Center and it demonstrated high levels of discrimination against African Americans, Hispanics, and Families with Children.

*There needs to be aggressive enforcement of housing discrimination. The city can partner with the Greater Houston Fair Housing Center to train and certify housing industry professionals about the fair housing requirements. This would help them train their staffs on how to not discriminate.*

**IMPEDIMENT:      Discrimination of national origin versus white in housing rental and sales market.**

National origin discrimination has similar issues as race in the research conducted. In addition, due to Limited English Proficiency, national origin protected class members suffer from language discrimination. The HUD report *Discrimination in Metropolitan Housing Markets* showed that Hispanics continue to suffer discrimination in the City of Houston. In 2000, HUD conducted a nationwide report on housing discrimination in 23 metropolitan cities. The study used paired testing to observe the difference in treatment of the minority verses the white home seeking experience. The study concluded that Houston had high levels of discrimination for Hispanic renters and homebuyers. In 2001, the *Houston Rental Audit* was conducted by the Greater Houston Fair Housing Center and it demonstrated high levels of discrimination against Hispanics.

**IMPEDIMENT:      Discrimination against families with children.**

In 2001, the *Houston Rental Audit* was conducted by the Greater Houston Fair Housing Center, and it demonstrated high levels of discrimination against Families with Children.

Families are frequently forced to move for improper reasons. Many times the issue of occupancy limits comes up and the landlord wrongfully forces families to move out. Occupancy limits are governed by the federal and state Fair Housing Acts. Landlords are many times unaware of the laws and continue to abuse families' rights. Fair Housing training should be made available to landlords to prevent unnecessary suffering and expense by families with children.

**IMPEDIMENT: Lack of accessible housing to meet the needs of the disabled community in Houston.**

There is a tremendous demand for accessible affordable housing in Houston, and the need exceeds the demand. Disabled people on fixed incomes desperately need accessible affordable housing units. A lot of existing housing can be made accessible by educating providers about their legal obligations to comply with reasonable accommodations and reasonable modifications requests from disabled persons. A lack of accessible housing for people with disabilities limits their housing choice and ability to live integrated in the community.

*The city should seek creative ways to work with owners of vacant housing stock to create accessible housing units to meet the needs of the disabled.*

**IMPEDIMENT: Lack of affordable housing in Houston.**

Affordable housing is essential for the majority of Houstonians. The current trend is for new housing development to replace historical low cost housing areas with non affordable housing. The high price range is driving many low and moderate people from their neighborhoods. Many households are being gentrified out of their communities by rising taxes, housing and land values. The issue of transportation is critical for affordable housing. If jobs are not located near affordable housing, the cost of housing goes up. Affordable housing need to be integrated throughout the whole community and not concentrated in traditional low to moderate income areas. Affordable housing and fair housing have a common goal: to promote non-discriminatory acts and to insure fair and equal housing opportunities for all.

*It is the responsibility of entitlement communities to insure that housing providers comply with the federal Fair Housing Act and other laws that prohibit discrimination and intimidation of people in their homes. The entitlement jurisdiction are also responsible for providing affordable housing opportunities to persons of very low, low or moderate income. Together these housing initiatives help fight discrimination against all people by achieving equal housing opportunities.*

**IMPEDIMENT: Lack of a substantially equivalent fair housing ordinance.**

In order for the City of Houston to properly address its fair housing needs, it needs to have a fair housing ordinance that is in compliance with the federal Fair Housing Act. This action would greatly enhance the ability of Houstonians to live where they want. An ordinance substantially equivalent to federal law would help all protected class members deal with unscrupulous housing providers by providing local enforcement of fair housing rights.

*City Council should continue the process of passage of a substantially equivalent fair housing ordinance.*

**IMPEDIMENT: Not In My Back Yard (NIMBY) resistance by neighbors to development of housing for persons with disabilities and other protected classes.**

This resistance combined with attitudes by community leaders and officials prevents equal housing opportunity for the most needy.

NIMBY applies to the case of a wealthy homeowner who was fighting his neighbor's plan to buy an adjacent home and make it accessible for his disabled daughter because it would change the house's structure.

NIMBY applies to the case of Magnolia Glen, a proposed development for homeless people in the city's east side, stopped by City Council members and a civic association from proceeding because they did not want it in their neighborhood.

**IMPEDIMENT: Affordability**

Affordability is an impediment. High land cost and lengthy approval process adds costs. This forces low income individuals to live in substandard housing or tolerate discriminatory situations, such as apartments with little or no accessibility, for fear of not finding another unit.

The cost of land in certain areas of the city is prohibitively expensive for the development of affordable housing. The process to obtain approval for some projects is sometimes a long one. This can cause delays and increase costs which can discourage development of affordable housing. The lack of adequate income is always the greatest barrier to affordable housing.

**IMPEDIMENT: Lack of public transportation in suburban areas that serves to limit access of minority households without automobiles from equal housing opportunities in those areas.**

Protected class members are severely disadvantaged by inadequate public transportation in Houston. The lack of personal vehicles in minority areas forces people to rely on public transportation. Suburban areas of the city that have better housing opportunities are difficult for minorities to reach on public transportation. Minorities that rely on public transportation never have an equal opportunity to look for an apartment or a house in areas with better jobs, schools, and quality of life.

**IMPEDIMENT: Predatory Lending Practices**

Predatory lending practices are a big problem in Houston. Activities include raising interest rates after default on loans, balloon payments, provisions to accelerate loan repayment without the borrower's consent, and negative amortization. These loans are made without the consideration of the borrower's ability to repay. Lenders base the loan on the amount of equity available in the home and offer terms that borrowers cannot meet. Minority and elderly household are being targeted for these sub prime loans. Many times a low income household will lose its automobile or home. Predatory lending is a major barrier to affordable housing.

*The city should educate the public on this type of lending and prevent the abuse. It should ensure that its housing programs work with lenders to develop loan products that meet the needs of borrowers that could be targets of predatory lenders. Loan products could charge a lower interest rate and provide assistance when a borrower is late with a payment.*

**IMPEDIMENT: Disparity in lending practices.**

The Home Mortgage Disclosure Act information about Houston indicates that there is a large difference in lending outcomes between White and minority households. Many times a low income White household has a better chance of being accepted for a loan than a higher income minority. The large differences in origination rates indicate that the problems in obtaining loans in the minority community need attention. These practices impact the availability of affordable housing.

*The city needs to monitor this information and work with lenders to equalize home lending practices. Homeownership classes need to be expanded as well as credit counseling classes so that minorities can present more creditworthy loan applications.*

**IMPEDIMENT: Geographic concentration of loan denials in minority communities.**

Differential treatment by lending institutions to African Americans and Hispanics is evidenced by the low number of applications and high declination rates, usually in neighborhoods with traditional high proportions of African American and Hispanic residents. The HMDA data demonstrates extreme differences in the number of applications submitted by minorities as compared to Whites. In conventional loans, Whites had almost 10 times as many applications as African Americans and 4 times as many as Hispanics, while Whites were declined only 15% of the time, African American were declined 29% of the time and Hispanics 25% of the time. The significantly smaller White population receives the great majority of loans to purchase, refinance, or remodel their homes, while minorities get very little of the loans to improve their housing opportunities.

The lack of loan product and services to very low income and minority areas is similar characteristics to traditional redlining. Redlining is a practice where mortgage companies refuse to do business within the boundaries of certain areas considered to be undesirable. This action is usually racially discriminatory since the areas in question are usually minority areas. The HMDA data analysis suggests that the impact on minority communities creates the same characteristics as redlining creating a barrier. This prevents the influx of money to deteriorating neighborhoods. The lack of capital in these neighborhoods may result in disinvestment in some areas of Houston.

*The city should leverage federal housing funds through partnerships with lending institutions to provide funding for rehabilitation of deteriorated neighborhoods.*

**IMPEDIMENT: Inadequate education and outreach by financial institutions on the mortgage lending process to the minority and low income communities.**

The high number of declinations among minorities demonstrates the need for better education about the requirements of the mortgage lending process among minority and low income communities. The low number of applications demonstrates the need for outreach to the same communities by the lending institutions.

**IMPEDIMENT: Insufficient multi-lingual marketing efforts targeted to those who have limited English proficiency.**

Non English speakers are frequently targeted by many unscrupulous housing providers with illegal higher costs and fees. Realtors, builders, and others involved in the process of marketing to limited English speakers many times take advantage Hispanics, Asians, and others. Immigrant communities, who are not aware of their fair housing rights, are frequent targets of predatory lenders and abusive landlords.

**IMPEDIMENT: Demographic patterns that reflect the geographic concentration of racial and ethnic minorities in certain areas that reinforce segregated housing patterns, all or primarily of one ethnic or racial type**

The City's housing programs and the Houston Housing Authority's housing programs tend to reinforce concentration of minorities by placing affordable housing in areas with historical high levels of racial minorities.

*More efforts to place affordable housing programs in non-minority areas will serve to integrate the community and not reinforce segregation patterns.*

**IMPEDIMENT: Low educational attainment among African Americans and Hispanics**

The low level of education among minorities contributes to the denial of equal housing opportunities. African Americans and Hispanics tend to have most of the City's low paying jobs. These jobs are primarily in the service, construction, and maintenance areas.

*Efforts to enhance educational opportunities among low and moderate income communities, and programs, should be prioritized. This will improve the ability of low and moderate income people to improve their housing environment, and to protect their rights against abusive housing providers.*

**IMPEDIMENT: Lack of Financial Literacy Education.**

Financial literacy is an important factor in the successful management of personal finances. Homebuyers education programs are needed to assist people in the market to buy a home. Many have poor credit. Financial education is needed to prevent them from falling victim to unscrupulous lenders.

*The city should work with the local educational community to institute courses in financial literacy. Local lending institutions and real estate professional can be enlisted to assist in the effort. The city can use its CDBG funds in eligible census tract to sponsor such programs. The impact would be long lasting.*

**IMPEDIMENT: Lack of Income**

This is the main problem with affordable housing. This issue affects the number of people who can afford housing. Wages have not kept up with housing costs. Many of Houston's very low income and low income renters have a very large housing burden of a third or half of their income. Many cannot afford decent housing. In 2000, 11.7% of Whites were below the poverty level. Among Blacks the level was 24.5% and Hispanics were 22.2%. The less income a person has, the higher the housing cost burden. Many families have to do without many necessities in order to afford housing. The less affordable housing becomes in the city, the greater the need for subsidized housing programs and housing assistance.

*The city should continue to work on expanding job opportunities through better public transportation, corporate incentives, assisting small business development, and other activities to reduce unemployment and increase higher paying jobs. Economic development and decent wages should be encouraged in all areas of the city. Low and moderate income people should not be resigned to work in poor neighborhoods.*

*The Section 3 requirement of H.U.D. for recipients receiving federal funds to employ low income residents needs to be strictly adhered to. Many of the unemployed are in public housing or in areas where the City has targeted federally funded projects.*

## **City of Houston AI**

### **Section V: Recommendations**

The following recommendations are intended to provide potential methods of dealing with the issues of fair housing and housing choice. The recommendations are divided into short term and long term. The short term goals should be immediately pursued. Some of the recommendations were introduced as part of the 2005 Analysis of Impediments.

#### **SHORT TERM**

1. More education and outreach regarding the fair housing requirements under federal and state law are needed. The city should increase fair housing rights educational efforts for consumers as well as provide fair housing outreach to housing providers so they treat people properly.
2. The city should financially support the fair housing enforcement efforts in its jurisdiction. The public and private efforts dealing with housing discrimination need to be financially supported.
3. The city should increase and expand its financial literacy education programs such as homebuyers programs. Information about predatory lending must be included along with credit counseling and

other personal financing issues. People must be shown how to identify bad lending practices. The city should collaborate with the lending institutions and the housing industry to fund these efforts.

4. The city should continue efforts to pass a substantially equivalent Fair Housing Ordinance. The State of Texas Fair Housing Act is substantially equivalent to the Federal Fair Housing Act. The City of Houston needs a substantially equivalent Fair Housing Ordinance in order to deal with the issue of fair housing adequately. A city ordinance that prohibits housing discrimination and is substantially equivalent to the federal Fair Housing Act as is the state law will greatly enhance the protection of people's civil rights.

5. The city should rigorously pursue the Section 3 requirements of HUD and insure that its sub recipients do the same so that poor people can financially benefit from jobs with federal contracts in the community in order to improve their housing opportunities.

### **LONG TERM**

6. The city should expand its efforts to promote good paying job development and assist small business development throughout the city particularly in low income neighborhoods. These efforts should be designed to reduce unemployment and increase wages. This will provide income for people to better afford their housing of choice.

7. The city should start pursuing the development of a Fair Housing Administrative Program (FHAP) as part of its anti-discrimination efforts to enforce a substantially equivalent fair housing ordinance as well as federal and state fair housing laws. Potential federal funding exists for this purpose under the SuperNOFA for HUD's Discretionary Programs.

8. The city should increase efforts to create more accessible housing. A collaborative program should be developed by the city with the disability community and housing providers to develop more accessible housing. The City should have a program for providing accessibility modifications to some of the tens of thousands of private existing vacant housing units to serve disabled residents. The

city should collaborate with housing developers to insure that the needs of the disabled are included when new housing is being planned.

9. The city should insure that affordable housing including low-income housing is included in all developments throughout the city not just traditional neighborhoods. An adequate percentage of units must be designated as affordable to meet the future needs of residents.

10. The city should seek innovative ways to utilize the high number of private housing units identified as vacant throughout the community to house the high number of people on waiting lists with public housing, Section 8, disabled, and homeless.

#### Appendix

Table 3.1 Disposition of applications for home purchase loans by race and income

Table 3.2 Disposition of applications for loans to refinance or for home improvements by race and income

Table 3.3 Disposition of applications for home purchase loans by census characteristics

Table 3.4 Disposition of applications for home refinance and home improvement by census characteristics

Table 3.1

Disposition of applications for home purchase loans by race and income of applicants in 2008.

Houston/Harris County		FHA, FSA/RHS, VA			Conventional			
		Apps. Received	Percent Originated	Percent Denied		Apps. Received	Percent Originated	Percent Denied
Ethnicity:								
Native Am.		157	59%(92)	29%(46)		489	49%(238)	27%(134)
Asian		812	63%(509)	18%(144)		8785	60%(5272)	17%(1488)
Black		5213	61%(3181)	21%(1119)		5368	45%(2438)	29%(1539)
Hispanic		7356	66%(4875)	18%(1336)		13822	54%(7524)	25%(3471)
White		20049	72%(14409)	13%(2652)		56902	65%(36810)	15%(8504)
Race n/a		4914	64%(3135)	14%(689)		11739	59%(6972)	15%(1798)
Joint (White/Minority)		418	72%(303)	13%(56)		882	68%(596)	12%(106)
Not avail.		4453	65%(2891)	14%(618)		11109	60%(6646)	15%(1645)
<b>TOTALS</b>		<b>31753</b>	<b>68%(21750)</b>	<b>15%(4744)</b>		<b>84554</b>	<b>62%(52562)</b>	<b>16%(13640)</b>
Income:								
<50% Median		1567	45%(700)	32%(499)		4215	44%(1836)	36%(1520)
50-79% Median		7939	66%(5235)	18%(1435)		11375	55%(6250)	23%(2607)
80-99% Median		6671	70%(4639)	15%(996)		8669	58%(5056)	20%(1736)
100-119% Median		4689	71%(3344)	13%(618)		7187	62%(4432)	17%(1200)
>120% Median		10527	73%(7649)	11%(1107)		51778	66%(34089)	12%(6342)

Table 3.2

Disposition of applications for loans to refinance or for home improvements on 1-4 family homes by race and income of applicants in 2008.

Houston/Harris County

	Refinance			Home Improvements			
	Apps.	Percent	Percent	Apps.	Percent	Percent	
	Received	Originated	Denied	Received	Originated	Denied	
Ethnicity:							
Native Am.	1050	19%(200)	62%(651)	566	19%(109)	68%(384)	
Asian	3811	38%(1464)	36%(1353)	806	27%(220)	56%(449)	
Black	11085	22%(2467)	54%(5961)	3811	17%(655)	70%(2661)	
Hispanic	18628	26%(4808)	52%(9716)	5905	23%(1344)	63%(3727)	
White	53745	40%(21612)	36%(19414)	17196	35%(5967)	49%(8500)	
Other	13627	27%(3730)	38%(5227)	3756	22%(827)	57%(2158)	
Joint (White/Minority)	824	39%(320)	41%(338)	241	24%(82)	46%(111)	
Unknown	11755	29%(3445)	36%(4259)	3138	24%(766)	57%(1775)	
<b>TOTALS</b>	<b>84645</b>	<b>35%(29943)</b>	<b>39%(33202)</b>	<b>26581</b>	<b>30%(7902)</b>	<b>54%(14403)</b>	
Income:							
<50% Median	5955	18%(1062)	60%(3596)	3117	17%(521)	72%(2236)	
50-79% Median	13808	26%(3523)	50%(6954)	4605	22%(1009)	64%(2967)	
80-99% Median	11130	29%(3277)	46%(5138)	3239	27%(864)	59%(1914)	
100-119% Median	8257	34%(2834)	44%(3666)	2475	26%(652)	58%(1426)	
>120% Median	41861	42%(17535)	31%(13171)	12846	37%(4765)	44%(5705)	

Table3.3

Disposition of applications for home purchase loans by census tract characteristics in 2008.

## Houston/Harris County

Type of Census Tract	FHA, FSA/RHS, VA			Conventional		
	Apps.	Percent	Percent	Apps.	Percent	Percent
	Received	Originated	Denied	Received	Originated	Denied
Racial Composition						
<10% Minority	748	73%(546)	13%(95)	3934	68%(2670)	12%(475)
10-19% Minority	6179	72%(4473)	12%(728)	22401	67%(15063)	12%(2793)
20-49% Minority	14382	71%(10143)	14%(1986)	34287	63%(21471)	15%(5178)
50-79% Minority	6599	66%(4327)	17%(1141)	15491	58%(8993)	20%(30630)
80-100% Minority	3418	58%(1971)	22%(735)	7269	51%(3685)	26%(18830)
Income Characteristics						
Low Income	405	59%(240)	19%(76)	1844	55%(1012)	21%(386)
Moderate Income	4002	63%(2518)	19%(742)	10936	54%(5859)	25%(2692)
Middle Income	12355	67%(8289)	17%(2041)	22579	58%(13181)	19%(4305)
Upper Income	14523	71%(10376)	13%(1825)	47889	66%(31749)	13%(5992)

Table								
3.4								
Disposition of applications for home refinance and home improvement loans by census tract characteristics for 2008.								
Houston/Harris County								
		Refinance				Home Improvement		
		Apps.	Percent	Percent		Apps.	Percent	Percent
		Received	Originated	Denied		Received	Originated	Denied
Type of Census Tract								
Racial Composition								
<10% Minority	34219	47%(1618)	3%(923)		938	37%(347)	46%(428)	
10-19% Minority	17914	42%(7594)	30%(5319)		5514	36%(1984)	46%(2560)	
20-49% Minority	32478	37%(11967)	37%(12108)		9760	32%(3166)	50%(4918)	
50-79% Minority	17361	29%(5117)	46%(7961)		5002	25%(1270)	59%(2972)	
80-100% Minority	12197	23%(2797)	53%(6446)		4756	19%(914)	68%(3219)	
Income Characteristics								
Low Income	1673	26%(433)	50%(841)		858	19%(164)	67%(579)	
Moderate Income	14436	27%(3839)	49%(7127)		5680	23%(1331)	63%(3603)	
Middle Income	27705	32%(8813)	43%(12029)		8453	21%(2330)	57%(4805)	
Upper Income	39507	41%(16284)	32%(12747)		10975	35%(3855)	47%(5108)	

**City of Houston**  
**2010 Analysis of Impediments to Fair Housing**  
**Summary**

<b>Impediment</b>	<b>Recommendation</b>
<b>1. Discrimination against Disabled</b>	<b>The City should increase fair housing education and outreach. The City should support fair housing enforcement. The city should continue efforts to pass a substantially equivalent Fair Housing Ordinance.</b>
<b>2. Discrimination based on Race</b>	<b>The City should increase fair housing education and outreach. The City should support fair housing enforcement. The city should continue efforts to pass a substantially equivalent Fair Housing Ordinance.</b>
<b>3. Discrimination based on National Origin</b>	<b>The City should increase fair housing education and outreach. The City should support fair housing enforcement. The city should continue efforts to pass a substantially equivalent Fair Housing Ordinance.</b>
<b>4. Discrimination against Families with Children</b>	<b>The City should increase fair housing education and outreach. The City should support fair housing enforcement. The city should continue efforts to pass a substantially equivalent Fair Housing Ordinance.</b>

**City of Houston**  
**2010 Analysis of Impediments to Fair Housing**  
**Summary**

<b>Impediment</b>	<b>Recommendation</b>
<b>5. Lack of accessible housing</b>	<b>The City should increase fair housing education and outreach. The City should support fair housing enforcement. The city should increase efforts to create more accessible housing.</b>
<b>6. Lack of affordable housing</b>	<b>The city should insure that affordable housing including low-income housing is included in all developments throughout the city not just traditional neighborhoods. The city should seek creative ways to work with owners of vacant housing stock to create affordable housing units</b>
<b>7. Lack of a substantially equivalent fair housing ordinance</b>	<b>The city should continue efforts to pass a substantially equivalent Fair Housing Ordinance. The city should start pursuing the development of a Fair Housing Administrative Program (FHAP).</b>
<b>8. Not In My Back Yard (NIMBY) resistance</b>	<b>The City should increase fair housing education and outreach.</b>

**City of Houston  
2010 Analysis of Impediments to Fair Housing  
Summary**

<b>Impediment</b>	<b>Recommendation</b>
<p><b>9. Affordability</b></p>	<p>The city should insure that affordable housing including low-income housing is included in all developments throughout the city not just traditional neighborhoods. The city should seek innovative ways to utilize the high number of private housing units identified as vacant throughout the community.</p>
<p><b>10. Lack of public transportation</b></p>	<p>The city should expand its efforts to promote good paying job development and assist small business development.</p>
<p><b>11. Predatory Lending Practices</b></p>	<p>The City should support fair housing education and outreach. The City should support fair housing enforcement. The city should increase and expand it financial literacy education programs.</p>
<p><b>12. Disparity in lending practices</b></p>	<p>The City should support fair housing education and outreach. The City should support fair housing enforcement. The city should increase and expand it financial literacy education programs.</p>

**City of Houston  
2010 Analysis of Impediments to Fair Housing  
Summary**

<b>Impediment</b>	<b>Recommendation</b>
<p><b>13. Geographic concentration of loan denials in minority communities</b></p>	<p><b>The City should support fair housing education and outreach. The City should support fair housing enforcement. The city should increase and expand it financial literacy education programs.</b></p>
<p><b>14. Inadequate education and outreach by financial institutions on mortgage lending</b></p>	<p><b>The city should increase and expand it financial literacy education programs.</b></p> <p><i>The city should collaborate with the lending institutions and the housing industry to fund these efforts.</i></p>
<p><b>15. Insufficient multi-lingual marketing efforts targeted to those who have limited English proficiency</b></p>	<p><b>The City should increase fair housing education and outreach. The City should financially support fair housing enforcement. The city should increase and expand it financial literacy education programs.</b></p>
<p><b>16. Demographic patterns that reflect the geographic concentration of racial and ethnic minorities in certain areas that reinforce segregated housing patterns</b></p>	<p><b>The city should insure that affordable housing including low-income housing is included in all developments throughout the city not just traditional neighborhoods.</b></p>

**City of Houston**  
**2010 Analysis of Impediments to Fair Housing**  
**Summary**

<b>Impediment</b>	<b>Recommendation</b>
<p><b>17. Low educational attainment among African Americans and Hispanics</b></p>	<p><b>The city should expand its efforts to promote good paying job development and assist small business development.</b></p> <p><i>Efforts to enhance educational opportunities among low moderate-income communities, and programs, should be prioritized.</i></p>
<p><b>18. Lack of Financial Literacy Education</b></p>	<p><b>The city should increase and expand it financial literacy education programs.</b></p> <p><i>The city should work with the local educational community to institute courses in financial literacy.</i></p>
<p><b>19. Lack of Income</b></p>	<p><b>The city should rigorously pursue the Section 3 requirements of HUD. The city should expand its efforts to promote good paying job development and assist small business development.</b></p>

**NOTE:**

Hereinabove is the matrix summary of the impediments and recommendations to resolve such impediments as presented by Greater Houston Fair Housing Center. The City of Houston will evaluate the recommendations to determine what actions are currently in place that address each impediment. If there are, no actions currently in place to address each impediment the City of Houston will initiate a round table discussion with community leaders, local officials, and other fair housing experts to determine the most appropriate actions the City can implement that will lead to a resolution of the impediment. The results of the evaluation and round table discussions will be presented in the 2011-2012 Consolidated Action Plan.