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Analysis of Impediments to Fair Housing Choice

City of Carrollton

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Analysis of Impediments to Fair Housing Choice

Prepared for
City of Carrollton
Community Development
1945 East Jackson Road
Carrollton, Texas 75006
cityofcarrollton.com

Prepared by
BBC Research & Consulting
1999 Broadway, Suite 2200
Denver, Colorado 80202-9750
303.321.2547 fax 303.399.0448
www.bbcresearch.com
bbc@bbcresearch.com

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Table of Contents

EXECUTIVE SUMMARY

City of Carrollton, Analysis of Impediments to Fair Housing Choice

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City of Carrollton, Analysis of Impediments to Fair Housing Choice

This report is the 2015 Analysis of Impediments to Fair Housing Choice (AI) for the City of Carrollton (city). This AI was prepared by BBC Research & Consulting (BBC) of Denver. BBC is an economic research and consulting firm with a specialty in housing studies, including fair housing. BBC prepared the city's Five-year Consolidated Plan in 2014.

Analysis of Impediments Background

An Analysis of Impediments to Fair Housing Choice, or AI, is a U.S. Department of Housing and Urban Development (HUD) mandated review of impediments to fair housing choice in the public and private sector. The AI is required for the City of Carrollton to receive federal housing and community development block grant funding[1].

In general, the AI involves:

- A review of a city's laws, regulations, actions and practices concerning housing;
- An assessment of how those laws, policies and practices affect the location, availability and accessibility of housing; and
- An assessment of public and private sector conditions affecting fair housing choice.

According to HUD, impediments to fair housing choice are:

- Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status or national origin that restrict housing choices or the availability of housing choices.
- Any actions, omissions or decisions that have the effect of restricting housing choices or the availability of housing choices on the basis of race, color, religion, sex, disability, familial status or national origin.

HUD's recent strategic plan notes that an inclusive community is one in which all people have access to quality housing, education, employment opportunities, health care, and transportation.[2] HUD seeks, through its strategies to affirmatively further fair housing choice,

[1] The city is also required to submit a Consolidated Plan for Housing and Community Development and an annual performance report to receive funding each year. These reports were prepared separately from the AI and are available at http://cityofcarrollton.com/modules/showdocument.aspx?documentid=12513.

[2] http://portal.hud.gov/hudportal/HUD?src=/program_offices/cfo/stratplan.

that jurisdictions ensure open, diverse, and equitable communities, as well as expand families' choice of affordable rental homes located in a broad range of communities.

Fair Housing Acts

The Federal Fair Housing Act (FFHA), passed in 1968 and amended in 1988, prohibits discrimination in housing on the basis of race, color, national origin, religion, gender, familial status and disability. The FFHA covers most types of housing including rental housing, home sales, mortgage and home improvement lending, and land use and zoning. Excluded from the Act are owner-occupied buildings with no more than four units, single family housing sold or rented without the use of a real estate agent or broker, housing operated by organizations and private clubs that limit occupancy to members, and housing for older persons.[3] HUD has recently added protection from discrimination based on sexual orientation or gender status to federally funded housing programs, including loans.

HUD has the primary authority for enforcing the Fair Housing Act. HUD investigates the complaints it receives and determines if there is a "reasonable cause" to believe that discrimination occurred. If reasonable cause is established, HUD brings the complaint before an Administrative Law Judge. Parties to the action can also elect to have the trial held in a federal court (in which case the Department of Justice brings the claim on behalf of the plaintiff).[4]

The Texas Fair Housing Act prohibits discrimination on the basis of race, religion, color, sex, national origin, disability and familial status. The Act mirrors the FFHA.

Texas residents who feel that they might have experienced a violation of the FFHA or state fair housing laws can contact HUD's Office of Fair Housing and Opportunity in Fort Worth (FHEO) or the Texas Workforce Commission (TWC). The North Texas Fair Housing Center, located in Dallas and serving 12 counties in the northern part of the Metroplex, is the closet local fair housing resource for Carrollton residents.

AI Methodology

BBC's approach to the City of Carrollton AI was based on the methodologies recommended in HUD's Fair Housing Planning Guide, Vol. I; HUD's draft Assessment of Fair Housing template; our experience conducting AIs for other cities; and the specific needs of the city according to project managers. The work scope consisted of the following:

Community participation. The Carrollton AI community participation process included resident focus groups and meetings with stakeholders involved in housing and real estate to discuss barriers to housing choice.

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[3] This is a very general description of the Fair Housing Act and the actions and properties covered by the Act. For more detailed information on the Fair Housing Act, please see the full text, which can be found on the U.S. Department of Justice's website, www.usdoj.gov/crt/housing/title8.htm.

[4] "How Much Do We Know? Public Awareness of the Nation's Fair Housing Laws", The U.S. Department of Housing and Urban Development, Office of Policy and Research, April 2002.

Demographic and housing profile. In this task, analyses of income, household composition, race and ethnicity, disability status, and English proficiency were used to identify areas of concentrations of protected classes and concentrated areas of poverty. Using a checklist distributed by a HUD regional office, BBC also evaluated Carrollton's zoning code and ordinances from a fair housing perspective.

Fair housing environment. The analysis of the fair housing environment included a review of fair housing complaints filed by or against residents and businesses in Carrollton; a review and discussion of trends in fair housing litigation; and an analysis of Home Mortgage Disclosure Act (HMDA) data for differences in loan denials and subprime lending among borrowers of different races and ethnicities.

Impediments and Fair Housing Action Plan. The AI concludes with a discussion of current impediments to fair housing choice identified through public participation, data analysis and review of land use policies. A five-year Fair Housing Action Plan is recommended for addressing the impediments.

2015 Barriers to Fair Housing Choice

The fair housing impediments found in this AI update are discussed below.

Impediment 1. Residential credit—particularly home improvement loans—can be difficult for minority households in Carrollton to access. This may adversely affect conditions of Carrollton's neighborhoods with high proportions of minority residents.

- Residential loans are denied between 20 and 30 percent of the time for most minority applicants, compared to between 13 and 14 percent for non-Hispanic, white and Asian applicants (Figure II-3 in Section II).

- Middle-income African American loan applicants are denied residential loans at almost twice the rate of white applicants (Figure II-4).

- For the majority of borrower groups (whites excepted), home improvement loans are denied more than 70 percent of the time (Figure II-5). The high rates of denials have implications for the condition of homes—and spillover effects in neighborhoods—of the city's minority residents.

- Although not perfectly correlated, many areas of high denials and high subprime lending are also the neighborhoods where minority residents are concentrated.

Impediment 2. Lack of affordable rental housing in Carrollton may disproportionately impact Hispanic residents and children.

Carrollton's Hispanic residents have a poverty rate that is twice as high as other racial groups. Children have the highest poverty rate of any age cohort. As such, these two groups of residents are disproportionately affected by limited affordable housing in the city.

The limited number of affordable rentals in Carrollton relative to low income household growth, coupled with rising housing costs, has increased the need for affordable rentals during the past decade. The shortage of affordable rentals may disproportionately impact residents of Hispanic descent and children, who have the highest rates of poverty in Carrollton.

Impediment 3. Fair housing information may be difficult for residents to find.

Although city staff have a standard process for referring residents with questions about their fair housing rights to appropriate organizations in the greater Dallas area, city websites do not contain information about fair housing. When faced with fair housing questions, residents would need to contact city staff directly, then be referred to the appropriate department or organization outside of Carrollton.

2015 Recommended Fair Housing Action Plan

It is recommended that the City of Carrollton consider the following Fair Housing Action Plan (FHAP) and activities for reducing fair housing impediments.

Action Item 1. Improve the personal credit and financial literacy of certain Carrollton residents.

- The city should support the availability of financial counseling to households wanting to buy a home. Such counseling should be targeted to African American and Hispanic residents who live in Census tracts where loan denials are the highest.

- The city should consider working with credit counseling agencies and nonprofit housing partners to offer Public Service Announcements (PSAs) and other forms of outreach and education about good lending decisions and how to be aware of predatory lending practices.

Action Item 2. Continue city funding of home improvement and modification programs. Carrollton should continue to help low income residents with home improvements and accessibility modifications that they cannot afford and/or for which they cannot access residential credit from the private sector. The city should monitor the race, ethnicity and familial and disability status of program recipients to ensure that protected classes with disproportionate needs are adequately served by the program. The city should also ensure that the program assists households located in neighborhoods with high rates of loan denials, to work against neighborhood disinvestment.

Action Item 3. Increase the inventory of deeply affordable rentals in Carrollton. The city should continue to support the development of subsidized rental units that are affordable to residents earning less than $20,000 per year, and accommodate a range of unit sizes to ensure that the families living in poverty with children have access to stable and affordable housing.

Action Item 4. Modify some aspects of the city's land use code to mitigate discriminatory treatment of persons with disabilities. The zoning code and land use regulatory review in Section I of this AI found several areas for improvement. These include:

- Adjust the definition of "family" to clarify that unrelated individuals with disabilities who reside together in a congregate or group living arrangement are excepted from the occupancy limit.

- Include a less restrictive definition of disability. The city's current definition appears to restrict disability to a physical or mental impairment that substantially affects their activities of daily life. Not only is this a dated definition (the range of care persons with disabilities need is wide-ranging and can change over time), this definition could be interpreted to exclude persons with HIV/AIDS and recovering substance abusers.[5]

- Remove the restriction that a community home cannot be established within one-half mile of an existing community home. A number of courts have found that spacing/dispersal requirements for group homes are discriminatory and do not serve a legitimate government purpose.

- Include personal care homes and residential facilities for persons with developmental disabilities, mental health challenges and recovering substance abusers in single family (personal care homes only) and multifamily districts by right.

- Incorporate a reasonable accommodation policy into the zoning code to increase awareness and understanding of the policy; and

- Incorporate a discussion of fair housing law into the zoning ordinance.

Action Item 5. Improve access to fair housing information. Carrollton's apartment inspection program presents a unique opportunity for one-to-one fair housing education from the city to landlords and, by extension from landlords, to tenants. Rental housing inspectors should provide landlords with fair housing education materials for both the landlord and the unit's tenant(s). Communication of fair housing information should also be distributed through the license and registration system.

Carrolton should also provide information on fair housing rights on its website, with links to organizations in the greater Dallas area that engage in fair housing education, conduct fair housing investigation and accept complaints. Finally, as a part of routine training, frontline staff should receive training in fair housing basics and be provided with appropriate referral information for landlord or tenant inquiries.

[5] Although current users of addictive or controlled substances are not protected by the FFHA, *recovering* substance abusers are generally considered as persons with disabilities. District courts have uniformly held that recovering substance abusers are protected by federal fair housing laws.

SECTION I.

Demographic and Housing Profile

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Demographic and Housing Profile

An important starting point for the Analysis of Impediments to Fair Housing Choice (AI) is a review of demographic and economic conditions. This is not only a required component of AIs by HUD; the analysis also helps determine if protected classes are more likely to experience barriers to fair housing choice ("disproportionate impact").

In addition to an analysis of racial, ethnic, disability and poverty concentrations, this section also reviews the supply and location of affordable housing in Carrollton. It concludes with an analysis of the city land use regulations and ordinances that affect housing development and choice.

Demographic Summary

The latest U.S. Census population (from the American Community Survey, or ACS) estimates place the population of the City of Carrollton at 122,613. This is an increase of 13,037 people since 2000—almost 12 percent. On average, the city grew by 1,000 people per year between 2000 and 2013.

Carrollton experienced slower growth than the Metroplex region overall (23% increase between 2000 and 2010) and much slower growth than Collin County (59%) and Denton County (53%)—but not Dallas County (just 7% growth). The Metroplex region is unique in that it is only one of two state regions in which all counties experienced positive population growth between 2000 and 2010.

Race and ethnicity. Figure I-1 presents the racial and ethnic composition of city residents and how the composition has changed since 2000.[1] Between 2000and 2013, Carrollton experienced strong growth in its Hispanic (78% increase) and African American (68%) residents.[2] The racial and ethnic diversity of the city increased overall.

The city's growth in Hispanic residents exceeded that of Dallas County (37% increase), but was less than Collin County (128%) and Denton County (130%). Similarly, Carrollton's African American population increased at a higher rate than Dallas County overall (17%) but much slower than Collin County (182%) and Denton County (119%). These Metroplex counties experienced some of the largest increases in Hispanic and African American residents in the entire region.

[1] It should be noted that Census data on race and ethnic identification vary with how people choose to identify themselves. The U.S. Census Bureau treats race and ethnicity separately: the Bureau does not classify Hispanic/Latino as a race, but rather as an identification of origin and ethnicity. In 2010 the U.S. Census Bureau changed the race question slightly, which may have encouraged respondents to check more than one racial category.

[2] The population of American Indian/Alaskan Native residents nearly doubled; however, these residents make up a very small proportion of residents overall (1%).

Figure I-1.
Race and Ethnicity, City of Carrollton, Texas, 2000 and 2013

	2000		2013		2000-2013 Percent Change
	Number	*Percent*	*Number*	*Percent*	
Total population	**109,576**		**122,613**		12%
Race					
American Indian and Alaska Native	503	0%	971	1%	93%
Asian	11,944	11%	17,186	14%	44%
Black or African American	6,862	6%	11,512	9%	68%
Native Hawaiian and Other Pacific Islander	75	0%	72	0%	-4%
White	78,758	72%	83,557	68%	6%
Some other race	8,451	8%	5,544	5%	-34%
Two or more races	2,983	3%	3,771	3%	26%
Ethnicity					
Hispanic or Latino	21,400	20%	38,176	31%	78%
Non-Hispanic white	88,176	80%	84,437	69%	-4%

Note: The ACS question on Hispanic origin was revised in 2008 to make it consistent with the 2010 Census Hispanic origin question. As such, there are slight differences in how respondents identified their origin between the 2000 Census and 2013 ACS.

Excludes "Some Other Race" category due to inconsistency of reporting between 2000 Census and 2013 ACS.

Source: 2000 U.S. Census, 2013 ACS.

Racial and ethnic concentrations. As shown in Figure I-2, areas within Carrollton with minority populations exceeding 50 percent are mostly located in central and south Carrollton.

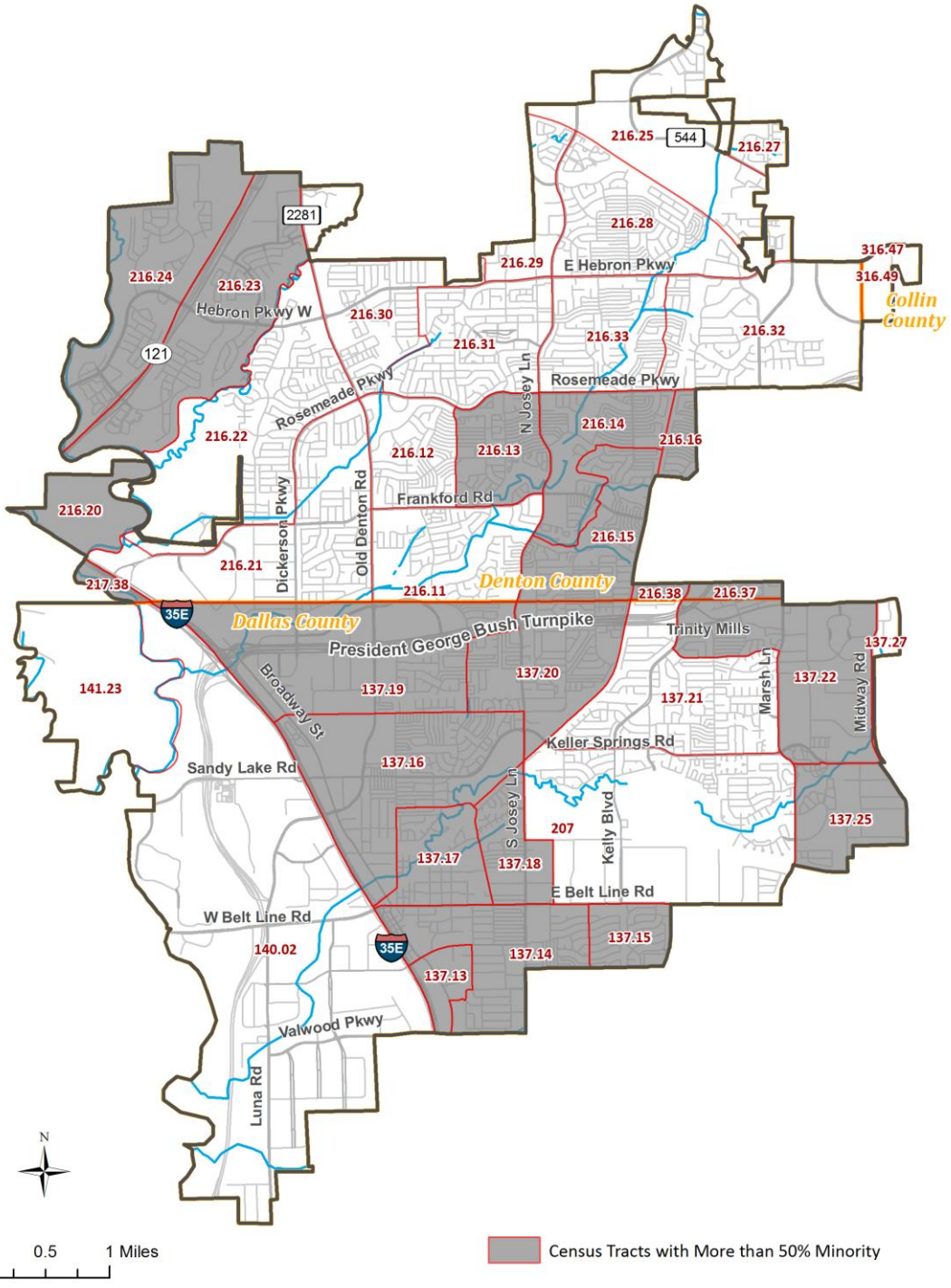
There are no concentrations of African American residents in Carrollton. Concentrations of Asian (Figure I-3) and Hispanic (I-4) residents occur in only a few Census tracts.

Concentrations are based on the following HUD definitions:

- A minority concentrated area is any neighborhood or Census tract in which: 1) The percentage of households in a particular racial or ethnic minority group is at least 20 percentage points higher than the percentage of that minority group for the housing market areas; 2) The total percentage of minority persons is at least 20 percentage points higher than the total percentage of all minorities in the housing market areas as a whole; or 3) If a metropolitan area, the total percentage of minority persons exceeds 50 percent of its population.

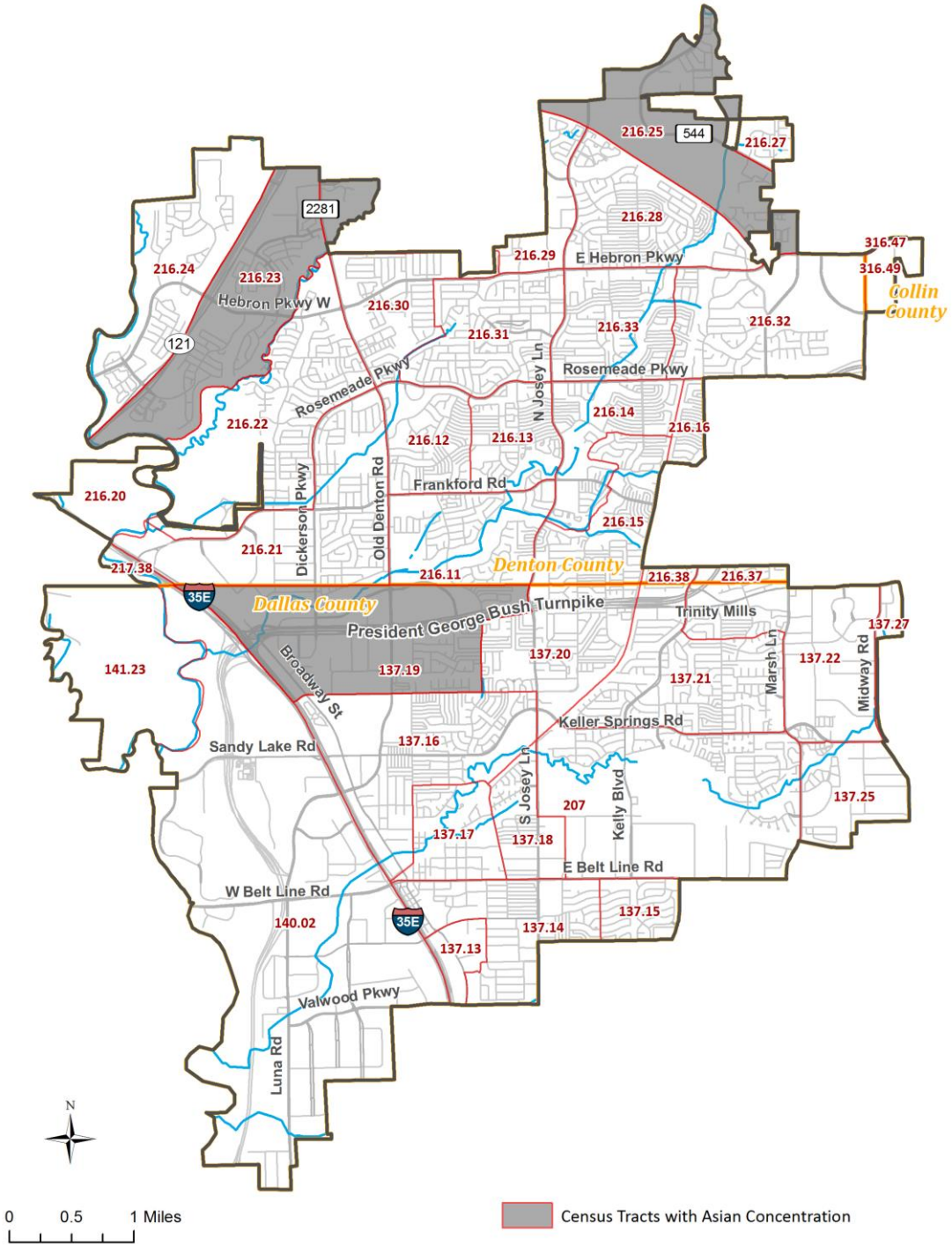
- The "housing market area" is the region where it is likely that renters and purchasers would be drawn for a particular housing project. Generally the housing market area is the county.

Figure I-2.
Areas in Carrollton with Minority Concentrations, 2010



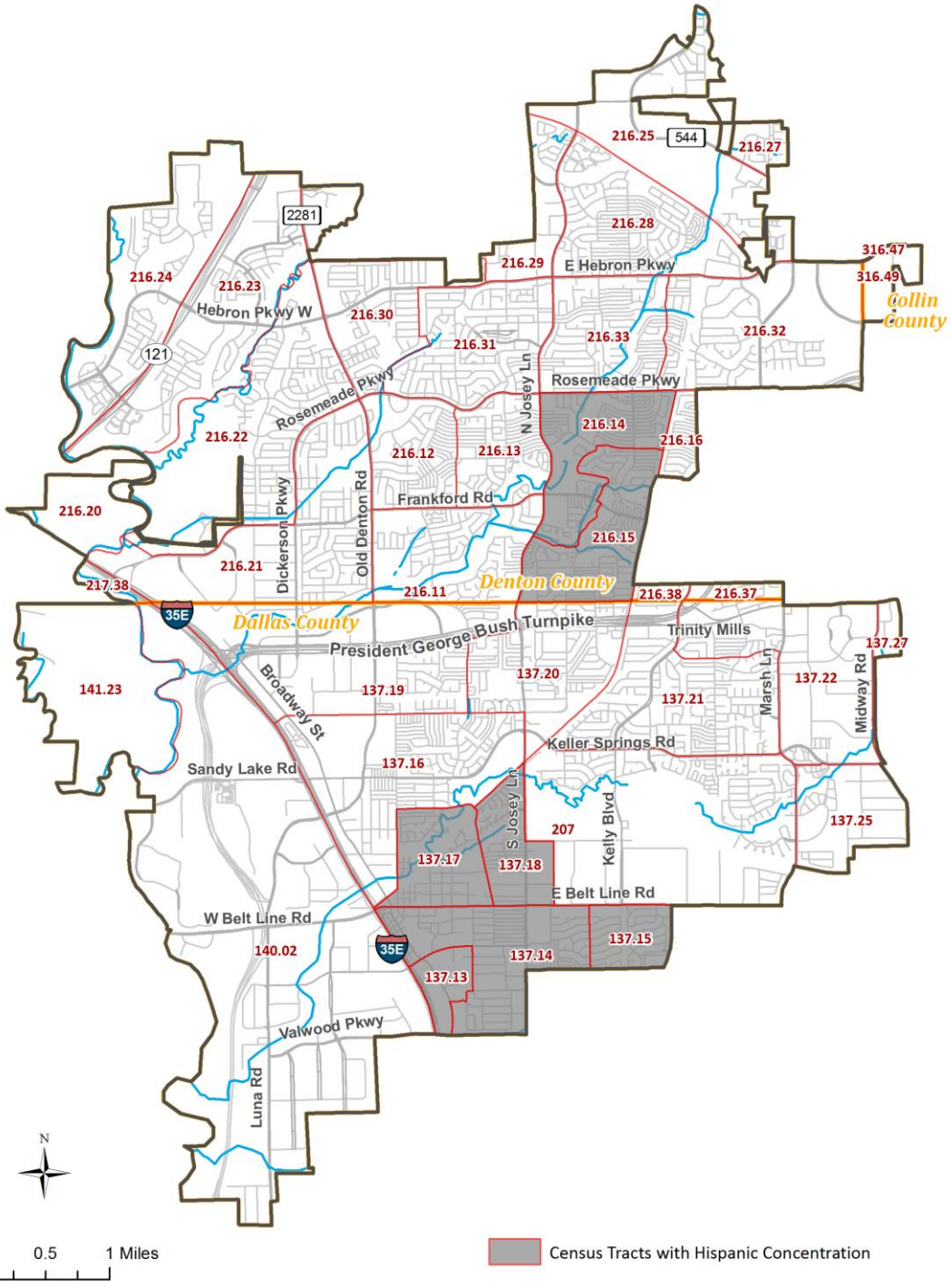
Source: 2010 Census and BBC Research & Consulting.

Figure I-3.
Areas in Carrollton with Asian Resident Concentrations, 2010



Source: 2010 Census and BBC Research & Consulting.

Figure I-4.
Areas in Carrollton with Hispanic Resident Concentrations, 2010

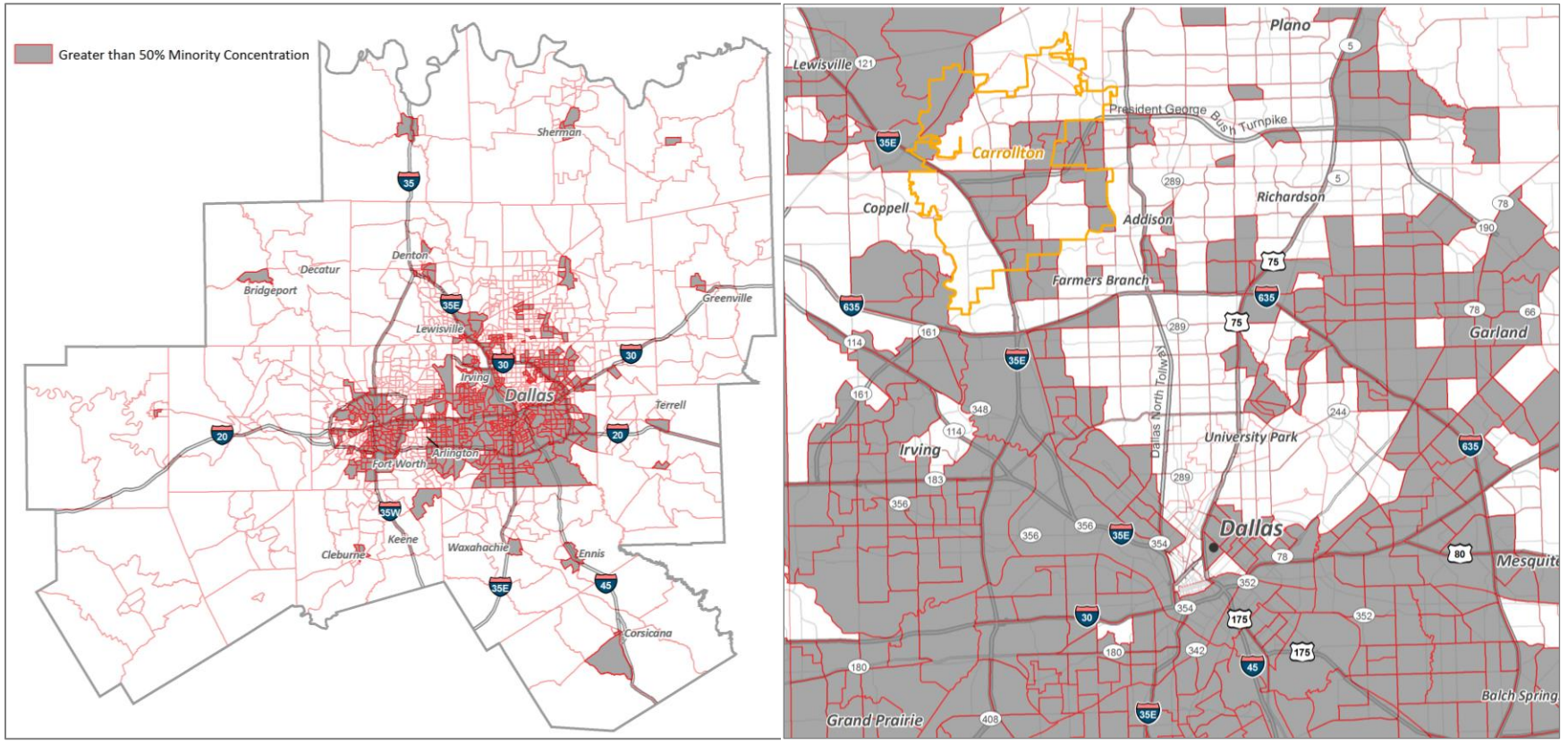


Source: 2010 Census and BBC Research & Consulting.

The map in Figure I-5 shows how Carrollton's concentrations compare with minority concentrations in the Metroplex overall.

Figure I-5.
Census Tracts Greater Than 50 Percent Minority Concentration, Region 3, Metroplex, 2010

Census Tracts Greater than 50 Percent Minority Concentration, Dallas, Carrollton, and Surrounding Communities, 2010



Note: HUD's definition of a minority area is a metropolitan area in which more than 50% of the residents are minorities. This map shows all Census tracts in the region with greater than 50% minority concentration.
Source: 2010 Census and BBC Research & Consulting.

Dissimilarity index. The dissimilarity index is a way to measure evenness in which two separate groups are distributed across geographic units—such as Census tracts—that make up a larger geographic area—such as a county.

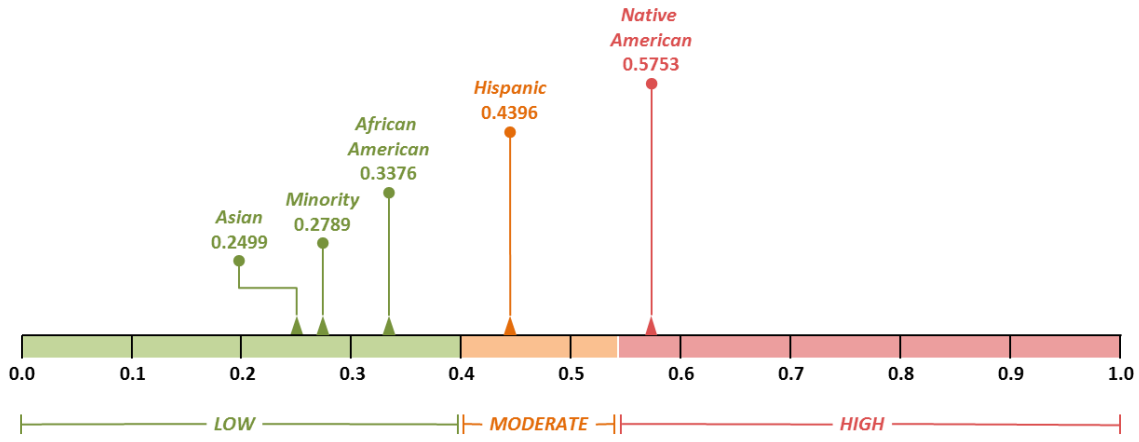
The index typically compares the proportion of the total population of a minority group in a Census tract and the proportion of the total number of the majority population (non-Hispanic whites) in that same Census tract.

By definition, the value of the dissimilarity index falls between 0 and 1. An index value near 0 indicates perfect distribution of racial groups across all Census tracts in a region. An index value of 1 indicates perfect segregation of racial groups across the region. As an example, one of the most segregated cities for whites and African Americans in the U.S. is Detroit, which has historically had a dissimilarity index exceeding 0.80.

HUD categorizes the dissimilarity index into three ranges that represent the intensity of segregation: less than 0.40 indicates low segregation, between 0.40 and 0.55 indicates moderate segregation and greater than 0.55 indicates high segregation.

The data presented in Figure I-6 further illustrate the degree of integration in Carrollton (i.e., low and moderate dissimilarity scores). The city's Native American population is very small (less than 1,000 residents) which contributes to the high dissimilarity index score.

Figure I-6.
Dissimilarity Index



Note: A dissimilarity index below 0.4 indicates low segregation and a dissimilarity index above 0.55 indicates high segregation.
Source: HUD and BBC Research & Consulting.

National origin and limited English proficiency (LEP). According to the 2013 ACS, about 32,000 of Carrollton's residents are foreign-born. Of these, 38 percent are U.S. citizens—or 12,000 residents. The remainder, 62 percent or 20,000 residents, are not U.S. citizens.

The vast majority of Carrollton residents (even those foreign-born) speak English. Ten percent of residents have limited English proficiency. Of these, most speak Spanish (33%) or Asian or Pacific Islander languages (28%).

Age. According to the 2013 ACS, the median age of residents in Carrollton is 34.4 years. Eight percent of the city's population is made up of seniors (age 65 and older). This is similar to Collin (8%), Dallas (9%) and Denton (7%) Counties. The largest age cohort in the city is residents between the ages of 40 and 46, who make up 8.6 percent of all residents.

Household composition. According to the 2013 ACS, there are approximately 43,000 households in Carrollton. Nearly three-fourths of households in Carrollton are comprised of families (72%) and 36 percent of households have children. About one-fifth of households are single persons living alone and 10 percent are single-parent families, mostly female-headed (7%). The single parent population in Carrollton is similar to that of Collin and Denton Counties and lower than the 14 percent of households who are single parents in Dallas County.

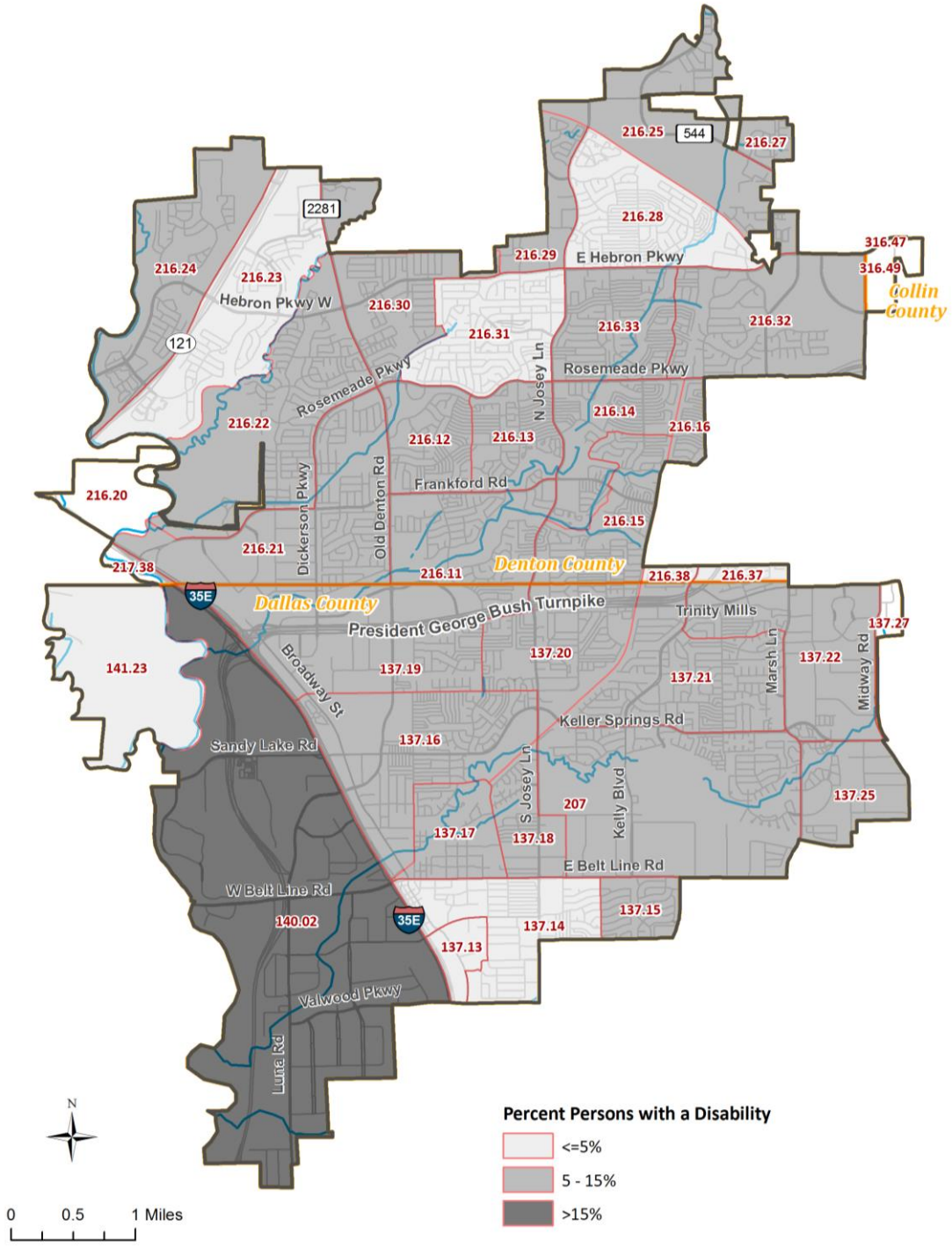
Disability. Currently, about 6 percent of Carrollton's residents have some type of disability. This is the same as Collin County, but lower than Dallas (9%) and Denton (8%) counties. One-third of the City's seniors have a disability. The most common types of disabilities are physical and inability to live independently (self-care disability). An estimated 14 percent of 3 to 17 year olds in Carrollton have been diagnosed with a developmental disability.

As specified in federal regulations: "The most integrated setting is one that enables individuals with disabilities to interact with nondisabled persons to the fullest extent possible, consistent with the requirements of the Americans with Disabilities Act, 42 USC. 12101, et seq., and Section 504 of the Rehabilitation Act of 1973, 29 USC 794. See 28 CFR. Part. 35, App. A (2010) (addressing 25 CFR 35.130)." Under this principle, derived from the Supreme Court's decision in Olmstead vs. L.C., institutionalized settings are to be avoided to the maximum possible extent in favor of settings in which persons with disabilities are integrated with nondisabled persons.

Different types of accommodations and/or services may be needed to allow individuals with disabilities to live in integrated settings. For example, persons with physical disabilities may need units with universal design or accessibility features, both within the public and assisted housing stock, specific to their needs. Persons with other types of disabilities may require access to services and support—e.g., transportation assistance, specific health services—they need to live independently. Many persons with disabilities need housing that is affordable, as well as accessible.

Figure I-7 shows where persons with disabilities reside in Carrollton. One Census tract—located in southwest Carrollton—has a relatively high proportion of persons with disabilities (more than twice the citywide rate). This is not a low income or high poverty Census tract.

Figure I-7.
Proportions of Persons with a Disability by Census Tract, City of Carrollton, Texas, 2012



Source: 2008-2012 ACS.

Low income areas. The Carrollton 2014-2018 Consolidated Plan identified and analyzed the location of low and moderate income (LMI) areas in Carrollton. These were identified based on the 2008-2012 and 2012 American Community Survey (ACS) and the 2014 HUD LMI categories. The calculation used to identify LMI areas was:

1) Determine average household size by Census tract using 2012 ACS;

2) Determine the LMI ceiling by tract, which is 80 percent of the median family income limit closest to the tract-level average family size;

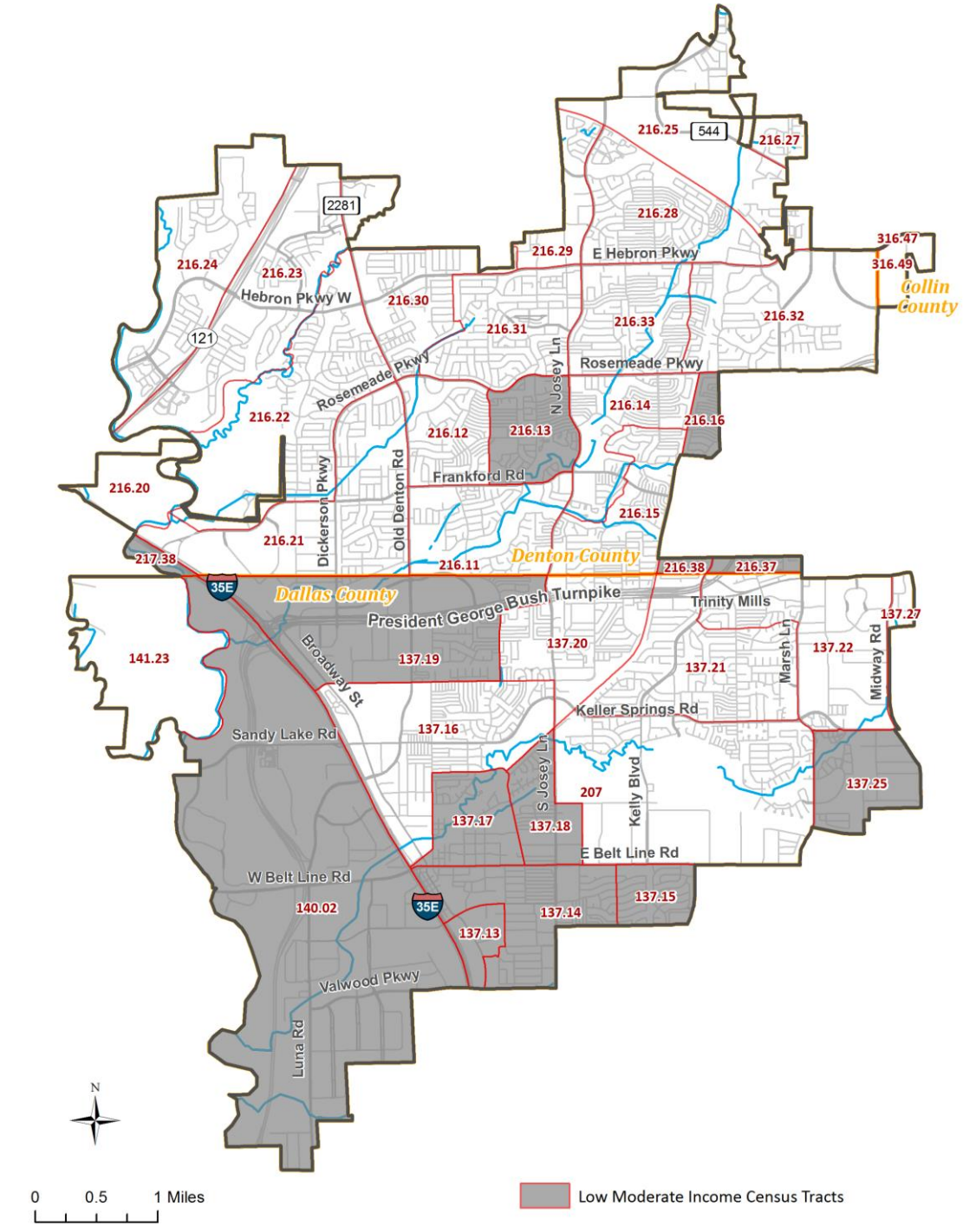
3) Using household income distribution data from the ACS, determine the number of households in the tract that earn less than the LMI ceiling;

4) Calculate the proportion of the tract's households that the LMI households represent. If 42.5 percent or more (Carrollton's threshold for LMI households), the tract is a LMI tract.

Figure I-8 shows LMI areas in Carrollton. Figure I-8 shows the range of LMI proportion by Census tract.

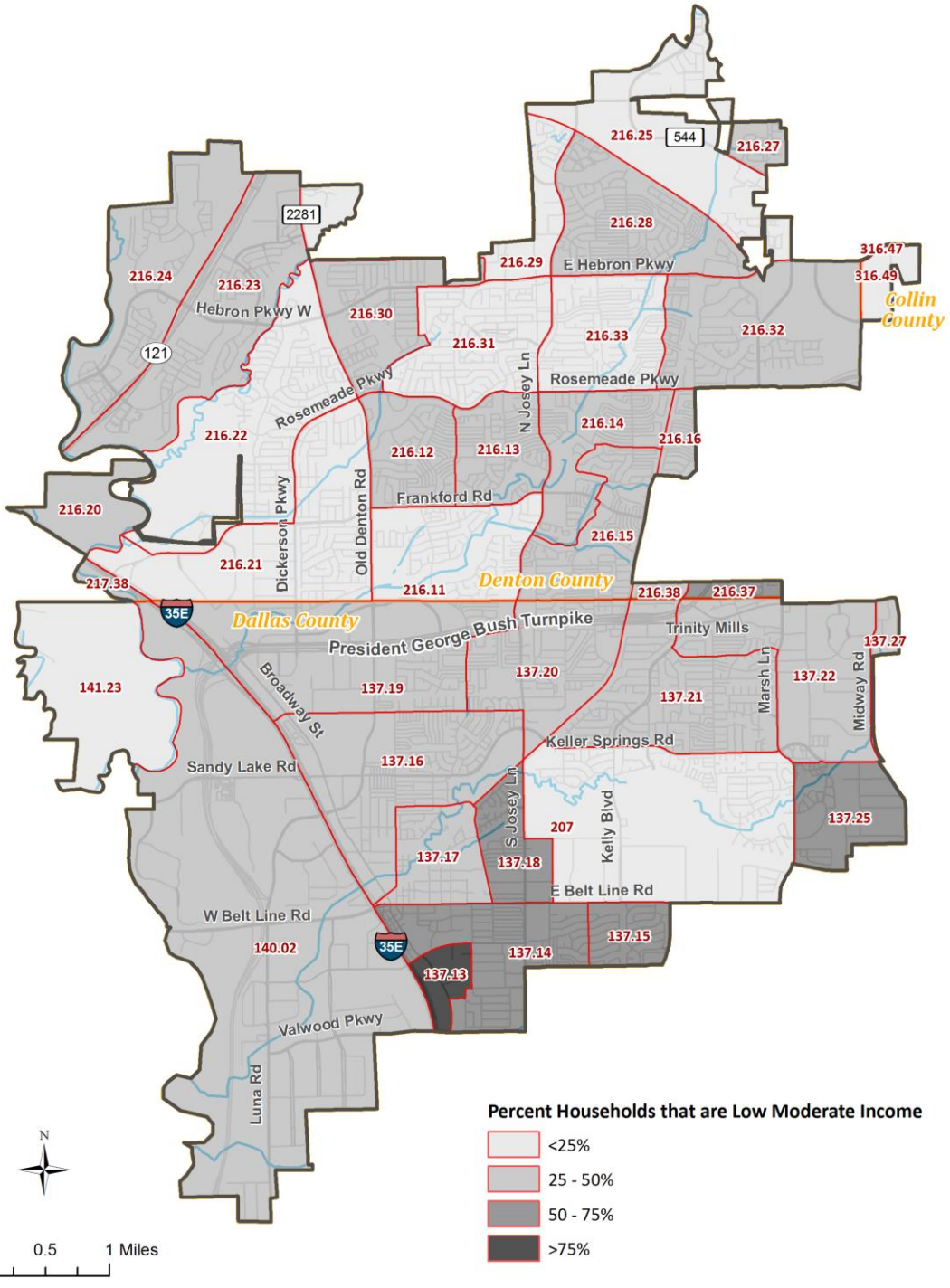
Lower and moderate households mostly live below State Highway 190. Figure I-9, which shows where high concentrations exist, demonstrates that low and moderate income households are generally dispersed throughout Carrollton except for a handful of Census tracts along the city's southern boundary.

Figure I-8.
Low Moderate Income Areas by Census Tract, City of Carrollton, Texas, 2014



Source: 2008-2012 and 2012 ACS, HUD, and BBC Research & Consulting.

Figure I-9.
Low Moderate Income Proportions by Census Tract, City of Carrollton, Texas, 2014



Source: 2008-2012 and 2012 ACS, HUD, and BBC Research & Consulting.

Poverty. Of the low and moderate income households shown above, some earn so little that they meet the federal definition of poverty (roughly earning less than $25,000 for a family of four). In Carrollton, 9.5 percent of residents live below this poverty line. This is much lower than in Dallas County (18%) and slightly higher than in Collin (7%) and Denton (8%) Counties.

Poverty is highest for Carrollton's children: 16 percent live in households that are poor. Seniors have the lowest poverty rate of any age cohort at 5.5 percent.

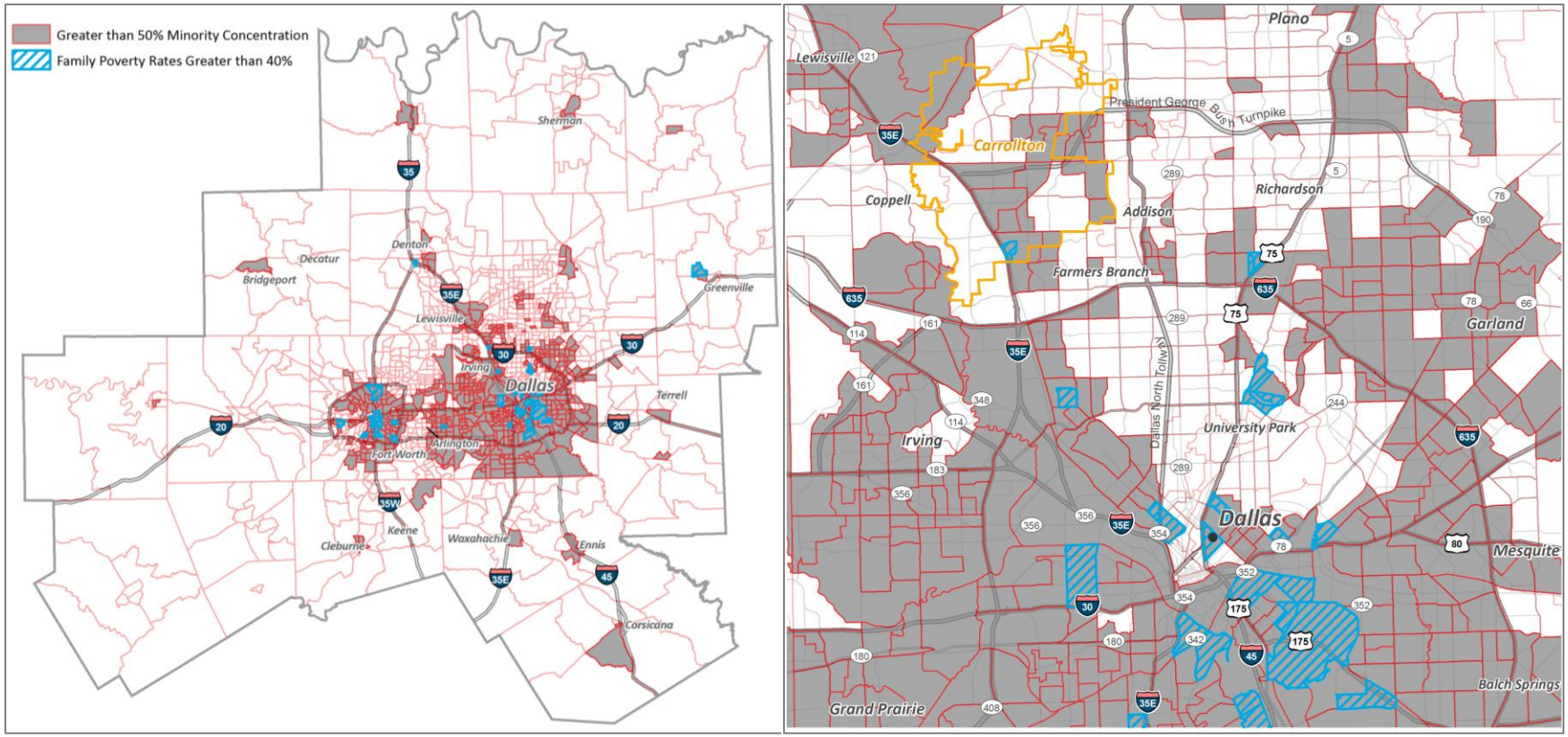
By race and ethnicity, poverty is highest for persons of Hispanic descent (18%). The differences in poverty rates among races is relatively small: Whites, for example, have poverty rates of 8.7 percent compared to 9.6 percent for African Americans.

HUD recommends jurisdictions examine the intersection of minority concentrations and poverty to identify areas where minority populations are concentrated in high poverty areas—and, thus, have limited opportunity (HUD calls these Racial or Ethnic Concentrated Areas of Poverty or R/ECAPs).

Figure I-10 overlays Census tracts that have family poverty rates exceeding 40 percent with tracts that have more than 50 percent minority concentration to show racially concentrated areas of poverty, of which there are many in Region 3. Only one neighborhood in Carrollton (shown in blue) has both a high poverty and a minority concentration.

Figure I-10.
Poverty by Census Tract, Region 3, Metroplex, 2006-2010 ACS

Poverty by Census Tract, Dallas, Carrollton, and Surrounding Communities, 2006-2010 ACS



Note: HUD's definition of a minority area is a metropolitan area in which more than 50% of the residents are minorities. This map shows all Census tracts in the region with greater than 50% minority concentration.

Source: 2006-2010 ACS and BBC Research & Consulting.

Housing Overview

Like many communities in Texas, housing costs have increased in Carrollton during the past five years, yet remain relatively affordable by national standards. The increase in housing costs was greater than increases in income, which means that it is relatively more difficult to buy or rent today than it was five years ago. For example, the median home price in Carrollton increased by 35 percent between 2000 and 2012—or by an annual average of almost 3 percent per year. During the same period, owner incomes increased from a median of $75,901 to $86,068—or by 13 percent, about 1 percent per year.

This means that purchasing power has decreased for the city's renters and owners. For those Carrollton residents with high incomes relative to housing costs, this decrease in purchasing power could be managed. But, new residents—especially younger workers with modest earnings looking to buy a starter home—may now have trouble affording housing in Carrollton.

The impact of reduced affordability has been greatest for the city's lowest income renters, earning less than $20,000 per year (poverty-level households).

In 2012, an estimated 2,950 renters earned less than $20,000. [3]These renters needed rental units priced at less than $500/month. In 2012, fewer than 50 affordable rentals were available in Carrollton. This means that 2,900 renters could not find housing they could afford.

Most of the rental units very low income renters can find are much more expensive than they can afford. This is because nearly 75 percent of Carrollton's rental units are priced between $625 and $1,250. A renter earning less than $10,000 who can't find an affordable unit would need to pay 75 percent of their monthly income to rent a unit priced at $625 per month.

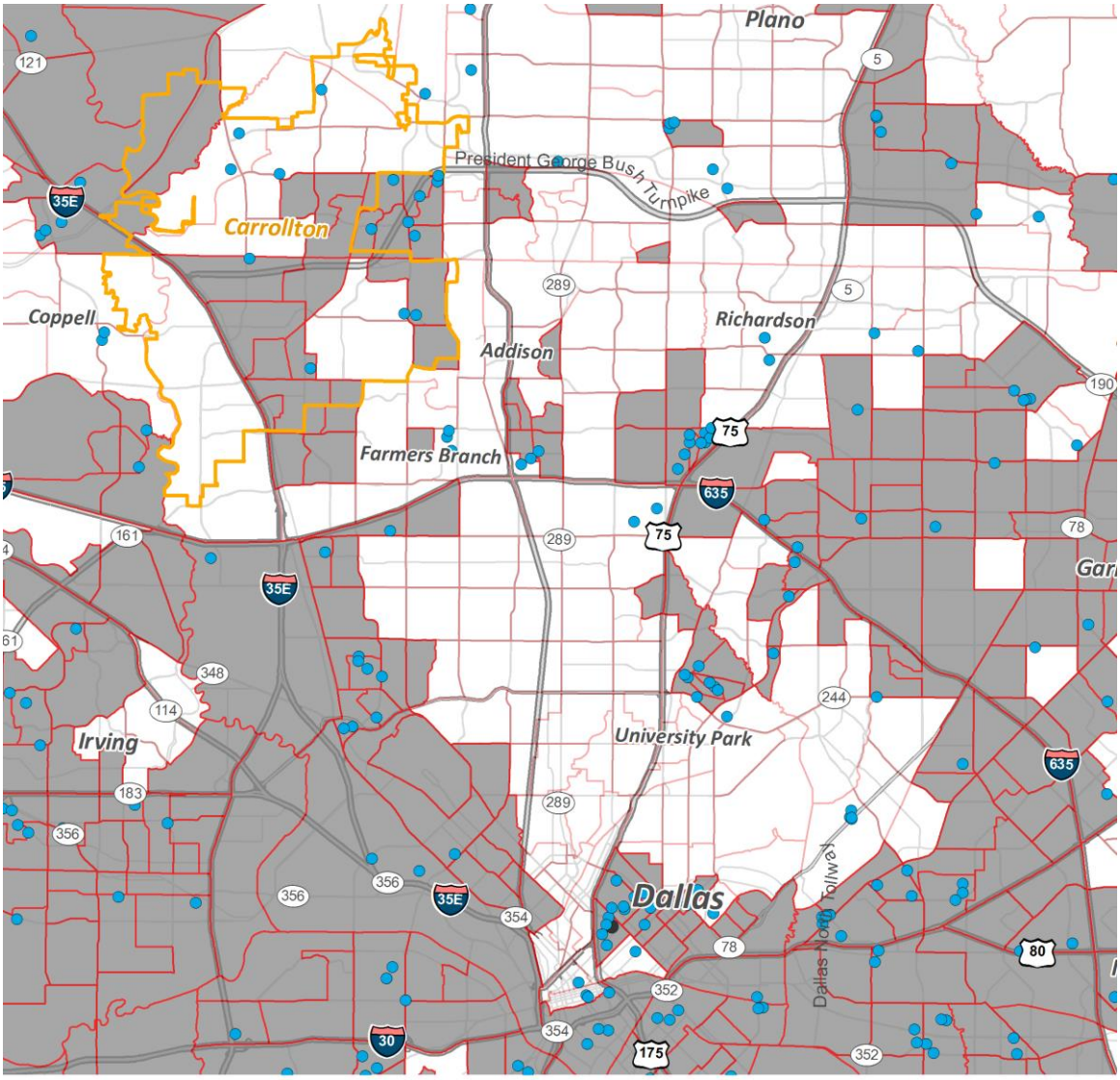
Renters in this situation must cut back on other household expenses that can benefit them and their families economically in the future (e.g., job training, early childhood education). Stabilizing low income households, especially those with children, with affordable housing can facilitate longer term personal and economic growth.

Availability of affordable housing in Carrollton. According to the National Low Income Housing Coalition's preservation database, there are nine affordable housing developments in Carrollton. Altogether, these developments provide 1,300 affordable rental units in Carrollton. Three are mixed-income developments, funded through the federal Low Income Housing Tax Credit (LIHTC) program. Three provide affordable senior housing, two with on-site care.

Recent lawsuits in Texas have challenged the state's criteria for awarding and distributing LIHTC properties. Analysis of the location of LIHTC relative to minority-concentrated areas has found that most of the development are located in concentrated areas. Figure I-11 shows the location of LIHTC units relative to racial and ethnic concentrations in the Dallas area.

[3] Of these, 307 earn less than $10,000 per year.

Figure I-11.
LIHTC Properties and Racial and Ethnic Concentration, Dallas, Carrollton, and Surrounding Communities, 2014



Source: 2010 Census, LIHTC, and BBC Research & Consulting.

Deconcentration programs. One of the most significant policies for deconcentrating very low income households is the allowance and encouragement of Housing Choice Voucher use outside of poverty-concentrated areas. Recent research has found significant, long term public benefits for low income children who move from high-poverty areas into moderate- and high-income areas. The economic benefits for these children—and for the public overall—increase the younger the children are when they move.

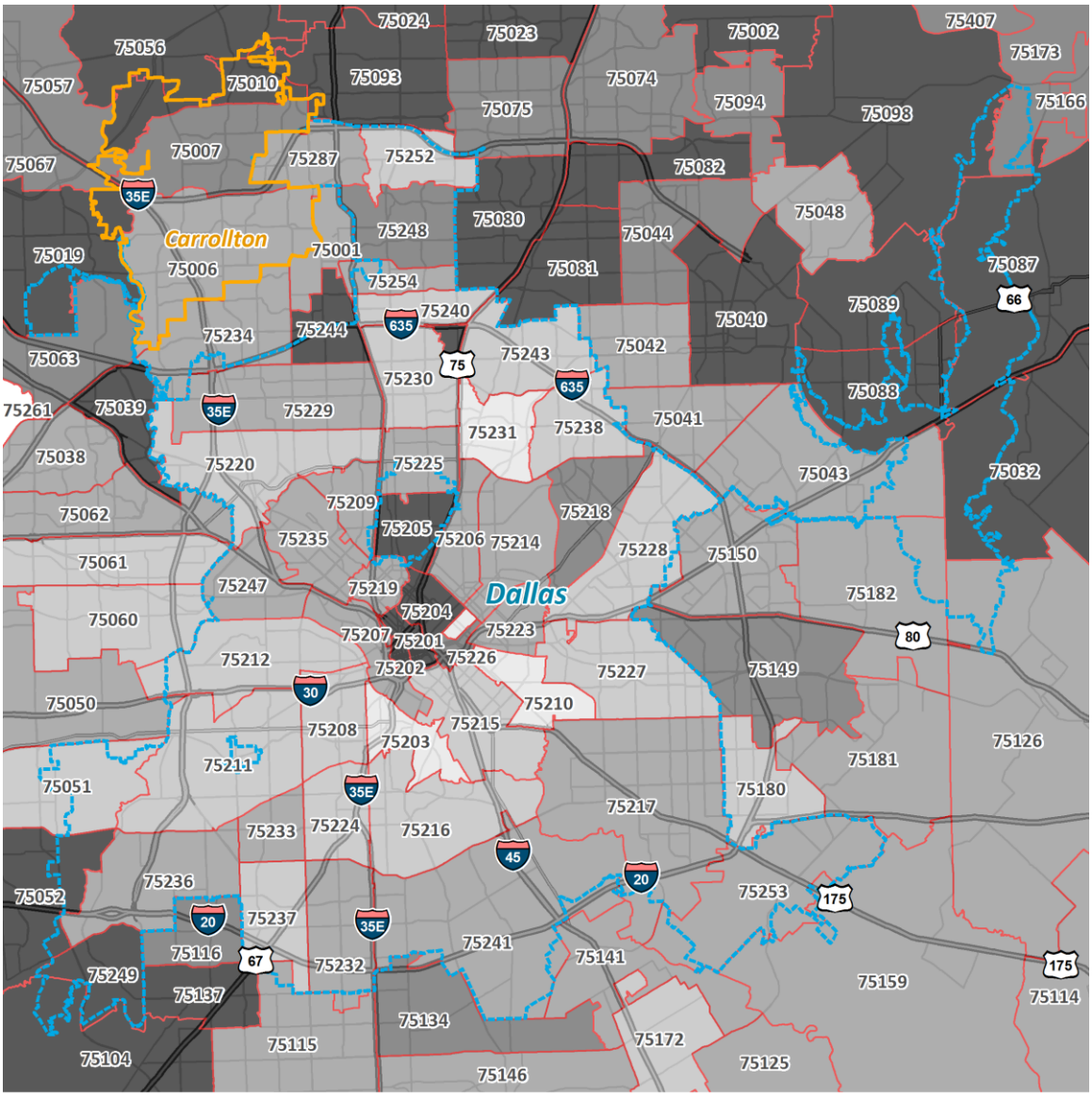
The Inclusive Communities Project (ICP) has been successful in implementing a small area, or "micro" Fair Market Rent (FMR) program in the Dallas area.[4]

Under the micro-FMR program, FMRs used by the Dallas Housing Authority are set at the ZIP code level. This means that voucher holders can receive higher levels of subsidies to cover the rent in higher-cost ZIP codes.

Figure I-12 shows the small area FMRs for Dallas and Carrollton. Carrollton mostly has moderate FMR levels and, according to the online program that is used to place Housing Choice Voucher holders in higher opportunity areas (http://opportunitymoves.org/), offers a moderate and high opportunity neighborhood—which is an ideal combination.

[4] ICP provides mobility and financial assistance to Section 8 voucher holders, which includes helping them locate rental units in high opportunity areas that accept Section 8 vouchers. In its complaint against HUD that led to the micro-rent program, ICP alleged that HUD's practice of using a single FMR for multi-county market areas steers voucher participants to minority areas. ICP alleged that this occurs because the formula used to establish the FMR is weighted toward units in low income and minority concentrated areas.

Figure I-12.
Dallas, Texas HUD Metro FMR Area Small Area FY 2012 Fair Market Rents



Fair Market Rents by ZIP Code

- $660 to $699
- $700 to $799
- $800 to $899
- $900 to $999
- $1,000 to $1,499

Dallas MSA

Source: www.huduser.org; Fair Market Rent database.

Policy Review

This section provides an overview of policies and practices related to the provision of housing choice vouchers and assisted housing, as well as the city's zoning and land use regulations related to housing choice.

Public housing authority. The City of Carrollton does not have a public housing authority (PHA), nor are there any public housing developments within city limits. Carrollton residents can apply for Housing Choice Vouchers ("Section 8") through the Dallas County Public Housing Authority (Dallas County PHA) and the Denton County Public Housing Authority (Denton County Public Housing Authority).

According to HUD data from the public housing information system database, approximately 5,000 Carrollton residents have Housing Choice Vouchers. Much of Carrollton is considered a high opportunity relocation area by the Dallas Housing Authority (DHA). This means that Dallas residents with special Housing Choice Vouchers who are eligible for relocation under the "Walker settlement" (a legal agreement with the housing authority to decrease concentrations of voucher holders in high poverty areas) can choose Carrollton as their home.[5]

In preparation of this AI, the City of Carrollton consulted with the PHAs that serve Carrollton residents through the Housing Choice Voucher program about the number and characteristics of Carrollton families on their wait lists. None of the PHAs had the ability to provide household information specific to Carrollton residents. The Dallas County PHA reported that 21 Carrollton families are on their waiting list for Housing Choice Vouchers; the Denton County Housing Authority reported that 123 Carrollton families are on their waiting list.

Zoning code review. To evaluate potential fair housing concerns within the city's zoning code, BBC utilized a HUD-developed checklist—the "Review of Public Policies and Practices (Zoning and Planning Code)" form produced by the Los Angeles office—that focuses on the most common regulatory barriers. This section poses the questions from this checklist, along with responses about the city's zoning ordinance, which was updated in January 2015.

1. ***Does the code definition of "family" have the effect of discriminating against unrelated individuals with disabilities who reside together in a congregate or group living arrangement?*** The City of Carrollton's code defines family as, "Any number of individuals living together as a single housekeeping unit, in which not more than four (4) individuals are unrelated by blood, marriage or adoption."

   Though this definition does not have the explicit effect of discriminating against a group of individuals with disabilities living together, the language could be improved by including such a use.

2. ***Is the Code definition of "disability" the same as the Fair Housing Act?*** Carrollton's code defines disability as a handicapped person, which is, "A person who has a physical or mental impairment, or both, which substantially limits one or more of such person's life activities; who has a record of having such impairment; or who is regarded as having such impairment.

[5] See http://opportunitymoves.org/ for a map of relocation areas

Such term does not include current illegal use of, or addiction to, a controlled substance, as defined in Section 102 of the Controlled Substance Act, as amended."

This city could improve this section by clarifying that although current users of addictive or controlled substances are not protected by the FFHA, *recovering* substance abusers are generally considered as persons with disabilities. District courts have uniformly held that recovering substance abusers are protected by federal fair housing laws.[6]

3. ***Does the zoning ordinance restrict housing opportunities for individuals with disabilities and mischaracterize such housing as a "boarding or rooming house" or "hotel"?*** The code's definition of community home does not appear to restrict housing opportunities for individuals with disabilities, provided it complies with the maximum occupancy and location restrictions in the definition below.

   The code defines a community home as, "A facility meeting the requirements and licensed under Chapter 123 of the Texas Human Resources Code, providing food, shelter, personal guidance, care, habilitation, and supervision to persons with disabilities who reside in the home, not housing more than six persons with disabilities and two supervisors at the same time, regardless of the legal relationship of those persons to one another. A community home may not be established within one-half mile of an existing community home, and the number of vehicles that may be kept at the home may not exceed the number of bedrooms in the home."

   Personal care homes provide similar residential services and do not include maximum occupancy limits. Personal care homes provide, "room, board, and one or more services of a personal care or protective nature, such as ambulatory assistance, hygienic assistance or supervision of a meal regimen, to five or more elderly or handicapped persons who are not related by blood, marriage or adoption to the owner of the establishment."

   These housing types appear to be correctly characterized for the intended use and not mischaracterized as a boarding or rooming house or hotel.

4. ***Does the zoning ordinance deny housing opportunities for disability individuals with on-site housing supporting services?*** Community homes, which are considered healthcare and social assistance uses, are permitted uses by right in all single family detached and attached districts, duplex residential districts, all multifamily districts and mobile home park residential district. Although community homes limit occupancy to no more than six persons with disabilities, larger groups can be accommodated in personal care homes.

   The code does not allow a community home to be established within one-half mile of an existing community home and restricts the number of cars to not exceed the number of bedrooms in the community home. These restrictions may be limiting the availability of community homes and housing opportunities for individuals with disabilities. Furthermore, a number of courts have found that spacing/dispersal requirements for group homes are discriminatory and do not serve a legitimate government purpose.[7] The definition could be improved by removing these restrictions.

[6] Group Homes: Strategies for Effective and Defensible Planning and Regulation; Connolly, Brian and Merriam, Dwight.

[7] Ibid.

The code also defines respite care facilities, which provide room, board and care to 5 or more elderly or handicapped persons for a maximum of two weeks. These facilities require a special use permit in all districts where they are permitted (all multifamily, office, light commercial districts, the neighborhood service district and the local retail district).

5. ***Does the jurisdiction policy allow any number of unrelated persons to reside together, but restrict such occupancy, if the residents are disabled?*** No.

6. ***Does the jurisdiction policy not allow disabled persons to make reasonable modifications or provide reasonable accommodation for disabled people who live in municipal-supplied or managed residential housing?*** The city's zoning code does not specifically address reasonable modification for residents with disabilities living in municipal-supplied or managed housing.

7. ***Does the jurisdiction require a public hearing to obtain public input for specific exceptions to zoning and land-use rules for disabled applicants and is the hearing only for disabled applicants rather than for all applicants.*** No.

8. ***Does the zoning ordinance address mixed uses?*** The code addresses mixed-uses through a Planned Development District (PD).

   The PD is intended to provide for, "Combining and mixing uses into integral land use units such as industrial parks; industrial, office and commercial centers; residential developments with multiple or mixed housing types; or any appropriate combination of uses which may be planned, developed or operated as integral land use units, whether by a single owner or a combination of owners."

   The creation of a PD requires a public hearing, a recommendation by the Planning and Zoning Commission and City Council authorization.

   The Neighborhood Service District, while not specifically a mixed-use district, provides small scale retail in close proximity to residential neighborhoods for the purpose of, "supplying the day-to-day retail needs of the residents in the areas, such as food, drugs, and personal services."

9. ***How are the residential land uses discussed?*** Carrollton's code has 18 residential zones with varying densities, locations and requirements:

Residential Land Uses	
Single-Family Residential District 12/20	Single-Family Attached Residential District
Single-Family Residential District 10/18	Single-Family Townhouse Residential District
Single-Family Residential District 8.4/16	Duplex Residential District
Single-Family Residential District 8.4/18	Triplex Residential District
Single-Family Residential District 8.4/16	Fourplex Residential District
Single-Family Residential District 7/16	Multi-Family Residential District 12
Single-Family Residential District 7/14	Multi-Family Residential District 15
Single-Family Residential District 6.5/12	Multi-Family Residential District 18
Single-Family Patio Home District	Mobile Home Park Residential District

What standards apply? Carrollton's code outlines permitted, accessory, special and prohibited uses for each district. It includes lot and development standards, setbacks, parking and other general requirements.

Each residential district includes a discussion of the purpose of the district, which relates to the type of housing unit and density, from low-density, single family detached to high-density multifamily.

Residential districts allow for a variety of uses. Community homes are permitted uses in all single family detached and attached districts, duplex districts and all multifamily districts. Personal care homes are not included in the use chart; as such, it is unclear if they require special use permits. Residential intellectual and developmental disability and mental health and substance abuse facilities require a special use permit in all multifamily and office districts and the local retail district.

The standards could be improved by including personal care homes and residential facilities for persons with developmental disabilities, mental health challenges and recovering substance abusers in single family (personal care homes only) and multifamily districts by right.

10. ***Does the zoning ordinance describe any areas in this jurisdiction as exclusive?*** No.

11. ***Are there any restrictions for Senior Housing in the zoning ordinance? If yes, do the restrictions comply with Federal law on housing for older persons (i.e., solely occupied by persons 62 years of age or older or at least one person 55 years of age and has significant facilities or services to meet the physical or social needs of older people)?*** No, there are no restrictions specifically applied to Senior Housing.

    The code defines an "elder" as a person 65 years of age or older. Continuing Care Retirement Communities & Assisted Living Facilities for the Elderly are permitted uses in all multifamily and office districts and do not require special use permits or site approvals.

12. ***Does the zoning ordinance contain any special provisions for making housing accessible to persons with disabilities?*** No.

13. ***Does the zoning ordinance establish occupancy standards or maximum occupancy limits?*** A maximum of four individuals unrelated by blood, marriage or adoption may reside together as a single housekeeping unit.

    A maximum of six persons with disabilities and two supervisors may reside together, regardless of their legal relationship, in a community home. However, larger groups of disabled persons (five or more persons) can be accommodated by personal care homes.

14. ***Does the zoning ordinance include a discussion of fair housing?*** No.

15. ***Describe the minimum standards and amenities required by the ordinance for a multiple family project with respect to handicap parking.*** The code provides minimum parking space requirements for multifamily projects, however there is no discussion of handicap parking in the code.

16. ***Does the Zoning Code distinguish senior citizen housing from other single family residential and multifamily residential uses by the application of a conditional use permit?*** No. The zoning code does not require a special or conditional use permit in any of the zone districts that allow retirement and assisted living facilities for the elderly.

17. ***Does the Zoning Code distinguish handicapped housing from other single family residential and multifamily residential uses by the application of a conditional use permit?*** No, community homes are permitted uses by right in all single family and multifamily residential districts. However, residential intellectual & developmental disability, mental health & substance abuse facilities require a special use permit in all of the districts where they are permitted. The code is unclear on where personal care homes are permitted.

18. ***How is "special group residential housing" defined in the jurisdiction Zoning Code?*** The code defines community home as, "A facility meeting the requirements and licensed under Chapter 123 of the Texas Human Resources Code, providing food, shelter, personal guidance, care, habilitation, and supervision to persons with disabilities who reside in the home, not housing more than six persons with disabilities and two supervisors at the same time, regardless of the legal relationship of those persons to one another. A community home may not be established within one-half mile of an existing community home, and the number of vehicles that may be kept at the home may not exceed the number of bedrooms in the home."

    Personal care home is defined as, "An establishment that provides room, board, and one (1) or more services of a personal care or protective nature, such as ambulatory assistance, hygienic assistance or supervision of a meal regimen, to five (5) or more elderly or handicapped persons who are not related by blood, marriage or adoption to the owner of the establishment. Residents of a personal care home shall not require institutionalization in a hospital; nursing or convalescent home; respite or custodial care home; or similar specialized facility since a personal care home is not equipped or licensed to provide all acts of a protective or restorative nature, and does not provide the nursing care or degree of staff supervision required for a respite or custodial care home, nursing home or similar facility."

19. ***Does the jurisdiction's planning and building codes presently make specific reference to the accessibility requirements contained in the 1988 amendment to the Fair Housing Act?*** No.

Summary of zoning code review. The zoning code review found several areas where the City of Carrollton's land use regulations could be improved to mitigate claims of discriminatory treatment of persons with disabilities. These include:

- Adjust the definition of "family" to clarify that unrelated individuals with disabilities who reside together in a congregate or group living arrangement are accepted from the occupancy limit. Cities are increasingly removing definitions of family to avoid discriminatory interpretations and to reflect changes in living arrangements.

- Include a less restrictive definition of disability. The city's current definition appears to restrict disability to a physical or mental impairment that substantially affects their

activities of daily life. Not only is this a dated definition (the range of care persons with disabilities need is wide-ranging and can change over time), this definition could be interpreted to exclude persons with HIV/AIDS and recovering substance abusers. Although current users of addictive or controlled substances are not protected by the FFHA, *recovering* substance abusers are generally considered as persons with disabilities. District courts have uniformly held that recovering substance abusers are protected by federal fair housing laws.[8]

- The code does not allow a community home to be established within one-half mile of an existing community home and restricts the number of cars to not exceed the number of bedrooms in the community home. These restrictions may be limiting the availability of community homes and housing opportunities for individuals with disabilities. Furthermore, a number of courts have found that spacing/dispersal requirements for group homes are discriminatory and do not serve a legitimate government purpose.[9] The definition could be improved by removing these restrictions.

- Include personal care homes and residential facilities for persons with developmental disabilities, mental health challenges and recovering substance abusers in single family (personal care homes only) and multifamily districts by right.

- Incorporate a reasonable accommodation policy into the zoning code to increase awareness and understanding of the policy; and

- Incorporate a discussion of fair housing law into the zoning ordinance.

[8] Group Homes: Strategies for Effective and Defensible Planning and Regulation; Connolly, Brian and Merriam, Dwight.

[9] Ibid.

SECTION II.

Fair Housing Environment

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Fair Housing Environment

This section of the Carrollton AI examines complaint data, fair housing testing and legal cases related to fair housing violations. It also contains an analysis of fair lending practices based on mortgage loan data.

Texas Fair Housing Law and Enforcement

The Texas Fair Housing Act prohibits discrimination on the basis of race, religion, color, sex, national origin, disability and familial status. The Act mirrors the Federal Fair Housing Act (FFHA).

Texas residents who feel that they might have experienced a violation of the FFHA or state fair housing laws can contact one or more of the following organizations: HUD's Office of Fair Housing and Opportunity in Fort Worth (FHEO) or the Texas Workforce Commission (TWC).

The City of Carrollton does not have a local fair housing ordinance; as such, the city does not have the legal authority to enforce fair housing violations locally. City staff refers residents with fair housing complaints and/or questions to one of three organizations, depending upon the issue:

Organization	Websites	Phone Number
Dallas Housing Crisis Center	www.hccdallas.org	214-828-4244
Apartment Asssociation of Greater Dallas	www.aagdallas.com	972-385-9019
Legal Aid of Northwest Texas	www.lanwt.org	214-748-1234
Texas Workforce Commission	www.texasworkforcecommission/civilrights	512-463-2222

If residents have a question about physical upkeep problems or poor maintenance of properties, Community Development staff refer them to the Code Enforcement Department. The city has an apartment and single family rental inspection program, and any complaints dealing with upkeep or maintenance issues go to them.

Complaints filed with the State of Texas. The Texas Workforce Commission (TWC) is responsible for overseeing and providing workforce development services to employers and citizens. The Civil Rights Division (TWCCRD) provides programs for housing discrimination and complaint resolution. The TWCCRD provides a webpage with information on how to file a complaint.[1] The website provides several ways to file a complaint, including filing in person at the Division office in Austin, calling by phone or writing the Division a letter. The site also has a fair housing fact sheet to help the person identify housing discrimination as well as the steps which will follow after a complaint is filed.

[1] http://www.twc.state.tx.us/crd/file_hsg.html.

Residents may also write a letter to or call TWCCRD directly at (888) 452-4778, (512) 463–2642 or (800) 735-2989 (TDD) and 711 (voice).

Upon TWCCRD's receiving the complaint, they will notify the alleged violator of the complaint and allow the person to submit a response. An assigned investigator will then proceed to determine if there is reasonable cause to believe the law had been violated. The TWCCRD will try to reach a conciliation agreement between the complainant and respondent. If such an agreement is reached there will be no further action unless the conciliation agreement has been breached. In that case, the TWCCRD may request that the Texas Attorney General file suit.

Complaints filed with HUD. Housing discrimination complaints filed with HUD may be done online at (http://www.hud.gov/complaints/housediscrim.cfm), toll free at (800) 669-9777, or by contacting HUD's FHEO headquarters in Washington D.C. or HUD's Fair Housing Regional Office, which serves Texas residents and is located in Fort Worth (817-978-5900 or 5595 TDD).

According to HUD, when a complaint is received, HUD will notify the person who filed the complaint along with the alleged violator and allow the alleged violator to submit a response. The complaint will then be investigated to determine whether there has been a violation of the FFHA.

A complaint may be resolved in a number of ways. First, HUD is required to try to reach an agreement between the two parties involved. A conciliation agreement must protect both the filer of the complaint and the public interest. If an agreement is approved, HUD will take no further action unless the agreement has been breached.

If HUD has determined that a state or local agency has the same housing powers ("substantial equivalency") as HUD, they may refer the complaint to that agency and will notify the complainant of the referral.

If during the investigative, review and legal process HUD finds that discrimination has occurred, the case will be heard in an administrative hearing within 120 days, unless either party prefers the case to be heard in Federal district court.

North Texas Fair Housing Center. The North Texas Fair Housing Center accepts and investigates fair housing complaints. The Center has a form on their website (http://www.northtexasfairhousing.org/file-a-complaint.html), offers a toll fee (877-471-1022) and can be contacted through email (info@northtexasfairhousing.org). The organization provides assistance in both English and Spanish.

Accessing fair housing information. A Google search of "fair housing discrimination Carrollton"—language a resident may use when concerned about their fair housing rights—returned very few websites other than links to the North Texas Fair Housing Center and new reports of the Texas fair housing Supreme Court case currently under review.

Complaint and Legal Review

Fair housing complaints were reviewed for trends in Carrollton and Collin, Dallas and Denton Counties for the 2007-2011 five-year period. This time period was chosen because it allows comparison of state and surrounding counties' trends using data collected from HUD for the State of Texas Phase II AI.

Overall, 104 complaints were filed in Collin County during this time period; 52 were filed in Denton and 950 were filed in Dallas. Dallas had the second highest number of complaints of all Texas counties; Collin, the seventh; and Denton, the tenth. The Metroplex had the highest number of complaints and the second highest complaints per capita.

Collin County had one of the highest proportions of race-based complaints as shown in the figure below; Dallas County had the tenth highest. Denton had the tenth highest proportion of disability-related complaints.

Figure II-1.
Top Race Based Complaint Counties, State of Texas, 2007-2011

Source: HUD—Fort Worth FHEO.

County	Race Based Complaints	Total Complaints	Percent
Bowie	9	10	90%
Ellis	10	14	71%
Midland	10	18	56%
Fort Bend	15	28	54%
Collin	52	104	50%
Kaufman	5	10	50%
Lubbock	12	25	48%
Bell	18	39	46%
Orange	5	11	45%
Dallas	426	950	45%

Complaints in Carrollton. Between 2002 and 2007, 19 fair housing complaints were filed concerning Carrollton residents or businesses.[2] This compares to eight complaints between 2008 and 2011.

Between 2002 and 2007, the top reasons for the complaints included race-based discrimination (37% of cases), followed by national origin and disability (both 18.5%). Between 2008 and 2011, the top reasons for complaints were similar: race (37.5%) and disability (37.5%). Two complaints (25%) were based on familial status.

[2] City of Carrollton 2009 AI.

Three of the complaints were found to have cause and were resolved. All of these were disability-based and involved discriminatory treatment in services or facilities; two also included the failure of housing providers to make reasonable accommodations.

Fair housing legal cases. A review of fair housing legal cases in Carrollton and Collin, Dallas and Denton Counties found no cases occurring in Carrollton. The cases that occurred in the broader Metroplex are discussed below. These cases highlight trends in fair housing complaints and litigation—providing policymakers with examples of how public policies can create fair housing barriers, in addition to private sectors actions to monitor.

Cases involving city zoning decisions for group homes

United States v. City of Fort Worth (2015). This ongoing litigation concerns the City of Fort Worth's treatment of a group home for men recovering from drug and alcohol addiction (Ebby's Place). The latest complaint—filed by the United States in April 2015—alleges that the city has discriminated against Ebby's Place by refusing to grant a reasonable accommodation to allow the group home provider to operate in a single family residential zone with up to eight unrelated residents. The April 2015 complaint is available online at: http://www.justice.gov/crt/about/hce/documents/fortworthcomp.pdf

Avalon Residential Care, Homes, Inc. v. City of Dallas (2015). This case also involves allegations that a city (in this case, Dallas) failed to make reasonable accommodations to persons with disabilities. This litigation is also ongoing. The United States argues that the City of Dallas violated the Fair Housing Act by improperly denying a reasonable accommodation when it refused to grant a variance to the city's 1,000 foot spacing requirement and six person occupancy limit for group homes serving people with disabilities.

Cases concerning non-compliance with the Americans with Disabilities Act (ADA)

United States v. JPI Construction, LP (2009). JPI Construction is a developer of multifamily housing with offices in Collin County. The complaint, filed by the DOJ, alleged that the defendant designed and constructed multifamily housing in violation of the FFHA and the ADA. The court required JPI to pay $10.25 million to establish an accessibility fund to increase the stock of accessible housing in the communities where defendants' properties are located, including providing retrofits at defendants' properties. This was the DOJ's largest disability-based housing discrimination settlement fund. JPI was also required to pay a $250,000 civil penalty and to construct all future housing in compliance with the FFHA and ADA and comply with training and reporting requirements.

Cases involving HOA covenants

United States v. Henry Billingsley (2010). This case involves the wrongful enforcement of a restrictive covenant. In April 2008, a complaint was filed that alleged that the members of the zoning committee and property owners of Air Park Estates, in Collin County, Texas, violated the FFHA by refusing to grant a reasonable accommodation allowing the complainant to keep a footbridge in front of her house that was a violation of the restrictive covenant on the property. The homeowner—who has a mobility disability—needed to use the bridge to reach the street without risk of injury. On June 30, 2009, the Court issued an order granting a motion for

preliminary injunction prohibiting the defendants from removing the bridge or causing it to be removed. The Court concluded that the homeowner would "almost certainly suffer personal injuries" if the bridge were removed. In August 2010, the United States Court of Appeals, Fifth Circuit ruled that the United States did not have authority to file a preliminary injunction because of the Anti-Injunction Act. However, on January 13, 2011, the parties in the lawsuit agreed to settle the dispute without further court action. The homeowners were allowed to retain the footbridge or replace it with another design previously approved by the zoning committee.

Mortgage Loan Data Analysis

Home Mortgage Disclosure Act, or HMDA, data are widely used to examine potential discrimination in mortgage lending. Financial institutions have been required to report HMDA data since the 1970s, when civil rights laws prompted higher scrutiny of lending activity. The variables contained in the HMDA dataset have expanded over time, allowing for more comprehensive analyses and better results. However, despite expansions in the data reported, public HMDA data remain limited because of the information that is *not* reported. As such, studies of lending disparities that use HMDA data carry a similar caveat: HMDA data can be used to determine disparities in loan originations and interest rates among borrowers of different races, ethnicities, genders, and location of the property they hope to own. The data can also be used to explain many of the reasons for any lending disparities (e.g., poor credit history). Violations of fair lending, practices, however, generally originate with federal regulators who have access to a broader set of information (e.g., borrower loan files) of lending practices.

In recent years, the U.S. Department of Justice (DOJ), HUD and several cities have brought lawsuits against lenders based on HMDA data analyses that show disparities in lending to racial and ethnic minorities.

One recent DOJ case involved a bank doing business in Texas (United States v. First United Bank). This case was referred to the DOJ from the Federal Deposit Insurance Corporation (FDIC). The complaint alleged that from 2008 to 2012, First United Bank charged higher prices on unsecured consumer loans made to Hispanic borrowers than to similarly-situated non-Hispanic white borrowers. The consent order, approved by the court on January 28, 2015, requires First United Bank to continue to use uniform policies to price unsecured consumer and other loans offered by the bank, in order to ensure that the price charged for its loans is set in a non-discriminatory manner. The settlement also requires the bank to pay $140,000 to Hispanic victims of discrimination, monitor its loans for potential disparities based on national origin, and provide equal credit opportunity training to its employees. The agreement also prohibits the bank from discriminating on the basis of national origin in any aspect of a credit transaction.

A 2010 case against a lender in the Metroplex (PrimeLending) alleged a pattern or practice of discrimination against African American borrowers nationwide between 2006 and 2009. This case resulted from a referral by the Board of Governors of the Federal Reserve to DOJ. Specifically, the case alleged that African American borrowers were charged higher interest rates for prime rate loans and for loans guaranteed by the Federal Housing Administration (FHA) and the U.S. Department of Veterans Affairs (VA). The case revealed that PrimeLending did not have monitoring in place to ensure that it complied with fair lending laws, even as it

grew to originate more than $5.5 billion in loans per year. The institution had a policy of giving employees wide discretion to increase their commissions by adding "overages" to loans, which increased the interest rates paid by borrowers and had a disparate impact on African-American borrowers. The consent order requires the defendants to pay $2 million to the effected consumers and to have in place loan pricing policies, monitoring and employee training that ensures discrimination does not occur in the future.

This section uses the analysis of HMDA data to determine if disparities in loan approvals and terms exist for loan applicants in Carrollton with different races and ethnicity. The HMDA data analyzed in this section reflect loans applied for by Carrollton residents in 2013, the latest year for which HMDA were publicly available at the time this document was prepared.

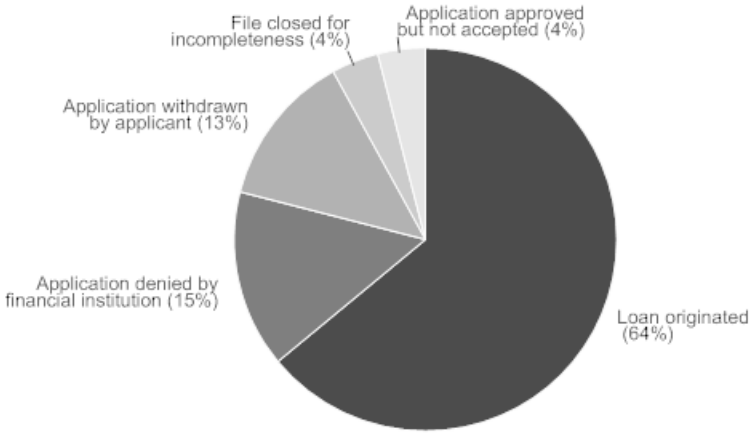
Loan applications in Carrollton. During 2013, Carrollton households submitted 7,824 loan applications for home purchases, loan refinances and home improvements. A slight majority—55 percent of the loan application—was for refinancing; 42 percent were for home purchases; and the remaining 3 percent were for home improvements. Eighty percent of the loans were conventional, 17 percent were Federal Housing Administration-insured and 4 percent were Veterans Administration-guaranteed.

Almost two-thirds (64%) of all loan applications were approved and originated. Fifteen percent of all loan applications in Carrollton were denied and 13 percent were withdrawn by the applicant. Figure II-2 displays the actions taken on Carrollton loan applications in 2013.

Figure II-2.
Loan Applications and Action Taken, City of Carrollton, Texas, 2013

Note:
Does not include loans for multifamily properties or non-owner occupants.

Source:
FFIEC HMDA Raw Data, 2013. And BBC Research & Consulting.



Outcome of loan applications. Figure II-3 presents more detail on the outcomes of loan applications, focusing on differences in race and ethnicity.

Loan origination rates were lowest for Native Hawaiian or Pacific Islander applicants (50%); 19 of the 38 Native Hawaiian or Pacific Islander loan applicants received loans. Low origination rates were also found for African American applicants (54%) and Hispanic or Latino applicants (56%). These two groups had their loans denied 21 percent of the time. Asian and white applicants had the highest origination rates—and the lowest denial rates—with around two-thirds of loans originated and 14 percent of loans denied.

Originations of loans are dependent upon the loan application being submitted in a complete form to the lending officer. Loans that are withdrawn, incomplete or not accepted by the

borrower affect borrower origination rates. Figure II-3 also includes these outcomes for borrowers by race and ethnicity. In most cases, there was either a small difference or no difference between racial and ethnic minority applicants and white applicants, suggesting the effect of withdrawals, incomplete loan applications and non-approvals on the origination rate was minimal. However, higher levels of withdrawals among African Americans and incomplete loans among American Indian or Alaska Natives and Hispanic or Latinos did affect the origination rates for these groups.

The last two rows in the figure compare the application outcomes of potential minority borrowers with potential white borrowers. Both African American and Hispanic applicants had loan denial rates 7 percentage points higher than whites.

Figure II-3.
Outcome of Mortgage Loan Applications by Race and Ethnicity, City of Carrollton, Texas, 2013

Race/Ethnicity	Percent Originated	Percent Approved but Not Accepted by Applicant	Percent Denied	Percent Withdrawn	Percent Incomplete
Race					
American Indian or Alaska Native	57%	5%	20%	11%	7%
Asian	66%	5%	14%	12%	3%
Black or African American	54%	6%	21%	15%	4%
Native Hawaiian or Pacific Islander	50%	5%	32%	11%	3%
White	67%	4%	14%	12%	3%
Ethnicity					
Hispanic or Latino	56%	4%	21%	13%	5%
Non-Hispanic or Latino	67%	4%	13%	12%	3%
African American/White Difference	**-13%**	**2%**	**7%**	**3%**	**0%**
Hispanic/Non-Hispanic Difference	**-11%**	**0%**	**7%**	**1%**	**2%**

Note: There is a statistically significant difference between white and African American denial rates and non-Hispanic and Hispanic denial rates at a 95 percent confidence interval.

Does not include loans for multifamily properties or non-owner occupants.

Source: FFIEC HMDA Raw Data, 2013 and BBC Research & Consulting.

As displayed in Figure II-4, disparities in denials persist even at high income levels. The exception is loans for African Americans earning less than $25,000 per year: in this case, whites are denied at a rate which is 10 percentages point higher rate than African Americans.[3] Hispanic or Latino applicants had higher denial rates compared to non-Hispanic or Latinos in all income categories.

The greatest gap occurs in the middle income category, where African American applicants were denied at a rate 14 percentage points higher than whites.

[3] It is important to note that there were only 12 applications from African Americans earning less than 50 percent AMI—a very small sample of loans for comparison.

Among applicants earning 100 percent of the Area Median Income (AMI) or greater, the denial rate among African Americans was 7 percentage points higher than whites and the denial rate for Hispanic applicants was 5 percentage points higher than non-Hispanics.

Figure II-4.
Mortgage Loan Application Denials by Race/Ethnicity and Income, City of Carrollton, Texas, 2013

Race/Ethnicity	Overall Percent Denials	Percent of Denials by Area Median Income		
		Less than 50% AMI	50%-99% AMI	100% of AMI or Greater
Overall				
Race				
American Indian or Alaska Native	20%	60%	29%	9%
Asian	14%	36%	15%	12%
Black or African American	21%	25%	30%	18%
Native Hawaiian or Pacific Islander	32%	100%	43%	19%
White	14%	35%	16%	11%
Ethnicity				
Hispanic or Latino	21%	39%	19%	16%
Non-Hispanic or Latino	13%	34%	17%	11%
African American/White Difference	**7%**	**-10%**	**14%**	**7%**
Hispanic/Non-Hispanic Difference	**7%**	**5%**	**3%**	**5%**

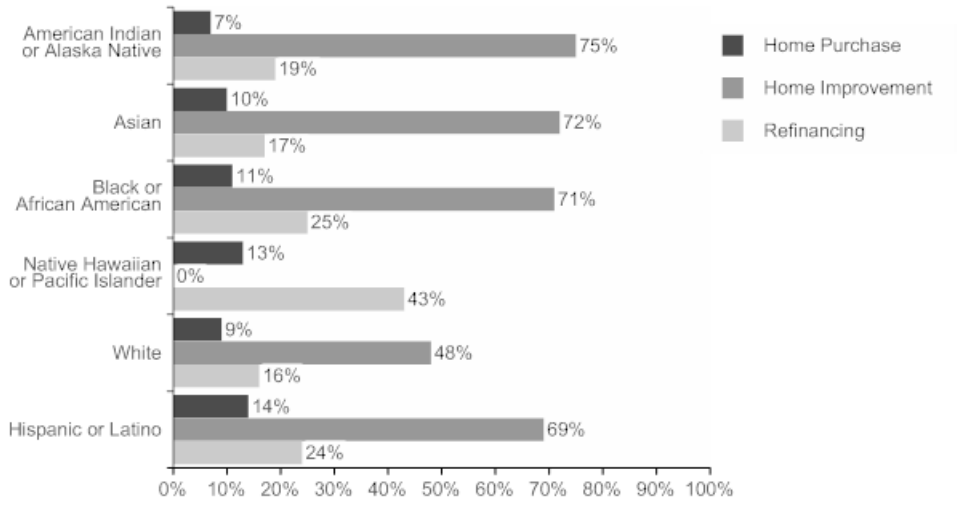
Note: Does not include loans for multifamily properties or non-owner occupants.

There were only one Native Hawaiian or Pacific Islander applicant, five American Indian or Alaska Native applicants and 12 African American applicants in the less than 50 percent AMI category.

Source: FFIEC HMDA Raw Data, 2013 and BBC Research & Consulting.

Figure II-5 displays the denial rate by race and ethnicity and loan purpose. The most striking data in the figure is the very high denial rates for home improvement loans: For the majority of borrower groups (whites excepted), home improvement loans are denied more than 70 percent of the time. Although the number of home improvement loans for some racial groups was small (less than 20 applications for all racial applicants except whites), the high rates of denials have implications for the condition of homes—and spillover effects in neighborhoods—of the city's minority residents. The good news is that denial rates for home purchases are low and differences in denials among racial and ethnic groups are minimal.

Figure II-5.
Denial by Race and Ethnicity and Loan Purpose, City of Carrollton, Texas, 2013



Note: Does not include loans for multifamily properties or non-owner occupants.
The number of home improvement loans for all racial groups except whites was less than 20.

Source: FFIEC HMDA Raw Data, 2013 and BBC Research & Consulting.

HMDA data contain some information on why loans were denied, which can help to explain differences in denials among racial and ethnic groups. Figure II-6 shows the reasons for denials in Carrollton. The most common reason for denials for African Americans was credit history, which differed from other racial and ethnic groups except for American Indian Alaskan Natives. A high debt-to-income ratio was the first or second most common reason for denials for most borrower groups.

Figure II-6.
Reasons for Denials of Loan Applications by Race and Ethnicity of Applicant, City of Carrollton, Texas, 2013

Race/Ethnicity	Debt-to-Income Ratio	Employment History	Credit History	Collateral	Insufficient Cash	Unverifiable Information	Credit Application Incomplete	Mortgage Insurance Denied	Other
Race									
American Indian or Alaska Native	20%	0%	40%	0%	0%	20%	0%	0%	20%
Asian	29%	4%	16%	7%	7%	12%	14%	0%	13%
Black or African American	21%	1%	34%	11%	3%	4%	11%	0%	16%
Native Hawaiian or Pacific Islander	45%	0%	0%	9%	9%	27%	0%	0%	9%
White	19%	3%	20%	15%	3%	8%	15%	0%	17%
Ethnicity									
Hispanic or Latino	25%	2%	22%	14%	4%	5%	12%	0%	15%
Non-Hispanic or Latino	20%	3%	19%		4%	9%	15%	0%	16%

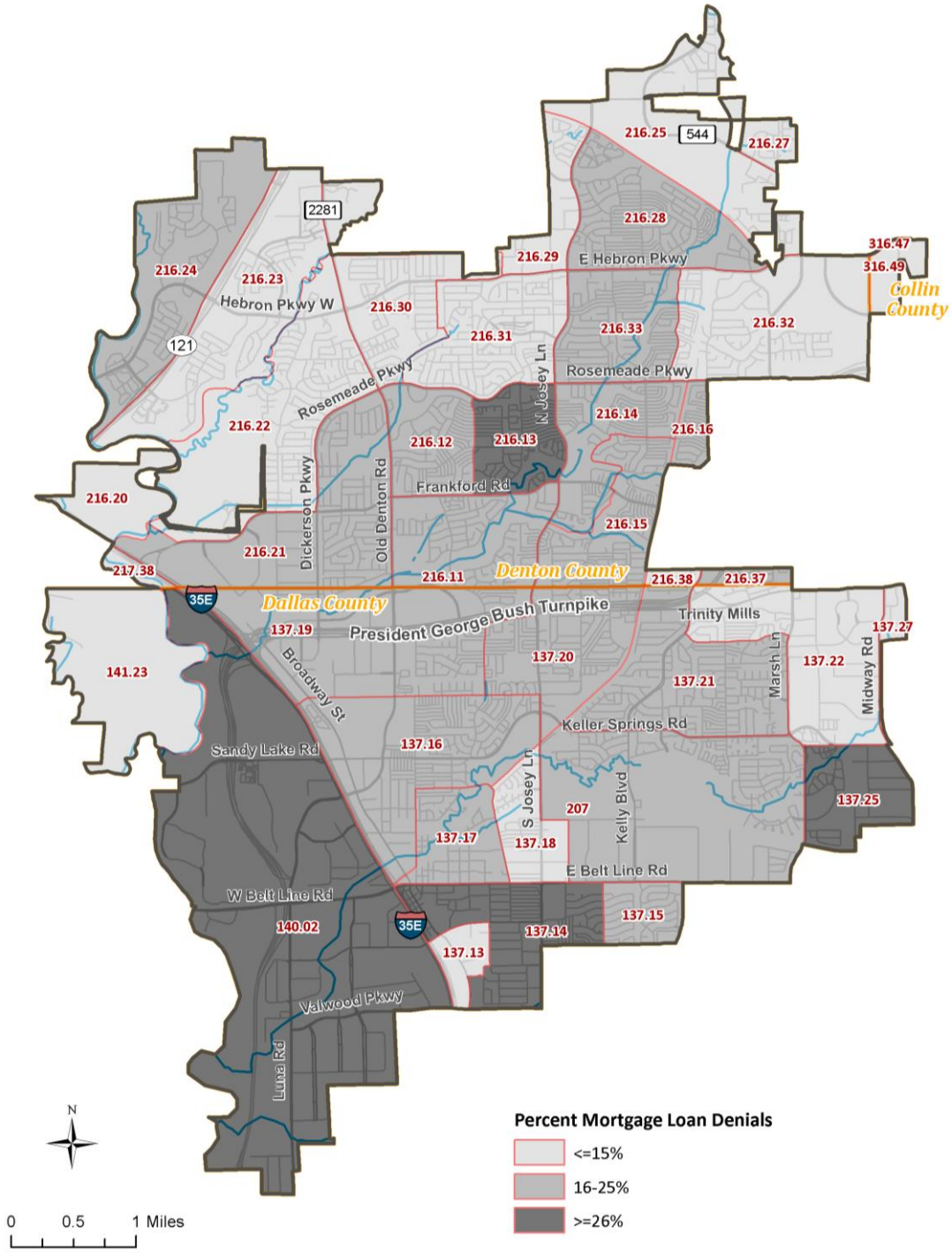
Note: Does not include loans for multifamily properties or non-owner occupants.
Data on reasons for denials to American Indian or Alaska Native and Native Hawaiian or Pacific Islander were limited (10 and 11 total reasons).

Source: FFIEC HMDA Raw Data and 2013 and BBC Research & Consulting.

The map in Figure II-7 displays the percent of loan applications that were denied in 2013 by Census tract. Many of the Census tracts with low denial rates are in the northern sections of the City in Denton and Collin counties and three of the four high denial rate Census tracts are in the southern section of the city in Dallas County.

These high-denial areas overlap somewhat with minority concentrations.

Figure II-7
Mortgage Loan Denials All Races and Ethnicities by Census Tract, City of Carrollton, Texas, 2013



Note: Does not include loans for multifamily properties or non-owner occupants.

Source: FFIEC HMDA Raw Data, 2013 and BBC Research & Consulting.

Subprime analysis. This section examines how often racial and ethnic minority loan applicants in Carrollton received subprime loans compared to white applicants. For the purposes of this section, "subprime" is defined as a loan with an APR of more than three percentage points above comparable Treasuries. This is consistent with the intent of the Federal Reserve in defining "subprime" in the HMDA data.

Figure II-7 displays subprime loans by race, ethnicity and income in 2013. Hispanic borrowers received the highest proportion of subprime loans at 8 percent; Hispanic borrowers were also much more likely than non-Hispanic borrowers to receive subprime loans across income categories.

Curiously, middle income borrowers have the highest rates of subprime loans. This could reflect the extra risk lenders are taking to stretch these borrowers into homeownership.

Figure II-8.
Subprime Loans by Race and Ethnicity and Income, City of Carrollton, Texas, 2013

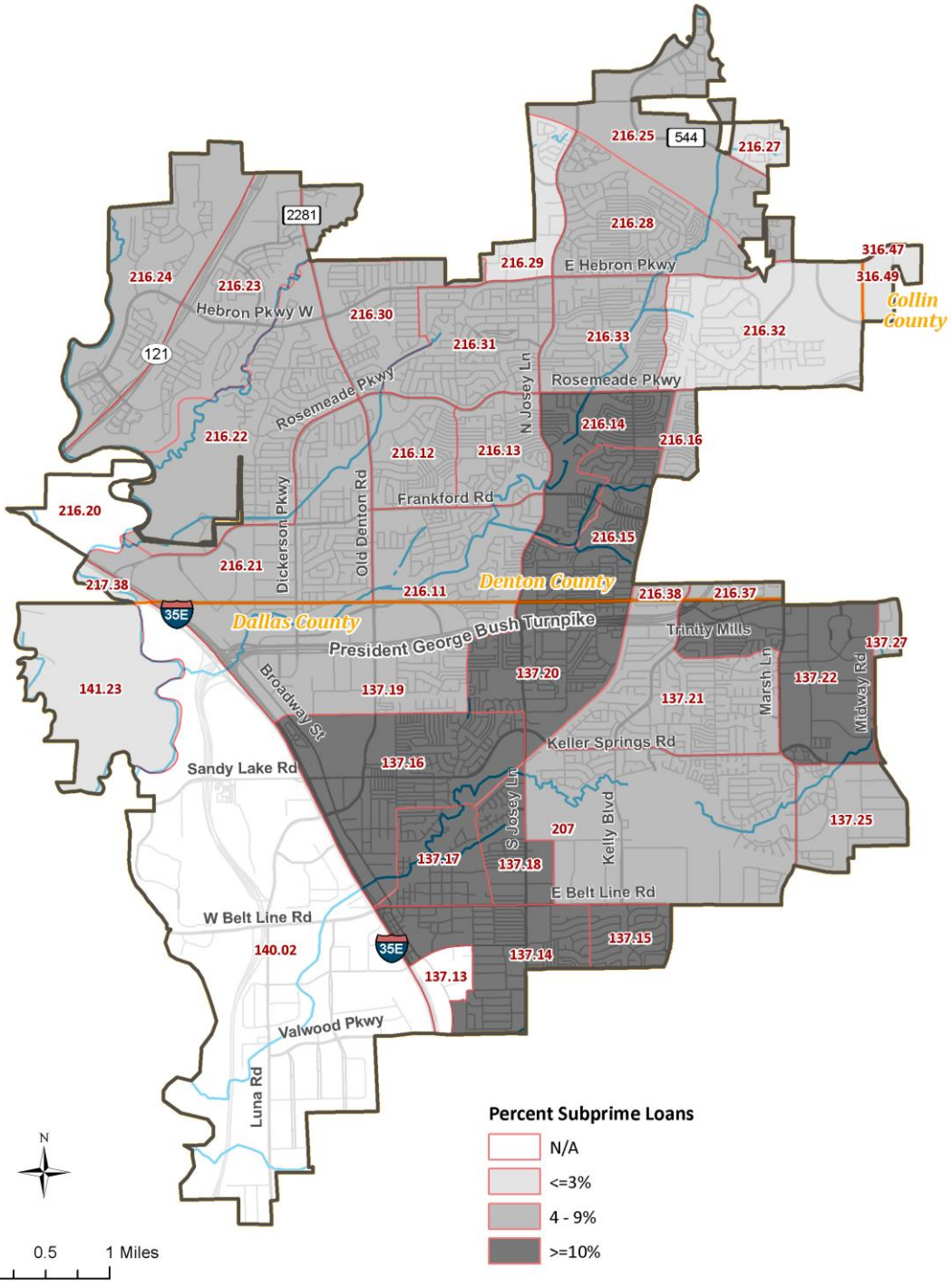
Race/Ethnicity	Overall Percent Subprime	Percent Subprime		
		Less Than 50% AMI	50-99% AMI	100% AMI or Greater
Race				
American Indian or Alaska Native	7%	0%	25%	7%
Asian	1%	0%	5%	1%
Black or African American	3%	0%	11%	4%
Native Hawaiian or Pacific Islander	3%	0%	20%	0%
White	4%	10%	10%	4%
Ethnicity				
Hispanic or Latino	8%	15%	19%	9%
Non-Hispanic or Latino	3%	5%	7%	3%
African American/White Difference	***-1%***	***-10%***	***1%***	***0%***
Hispanic/Non-Hispanic Difference	***5%***	***11%***	***12%***	***6%***

Note: Does not include loans for multifamily properties or non-owner occupants.
Fewer than 15 subprime loans were issued to all races except for whites.

Source: FFIEC HMDA Raw Data, 2013 and BBC Research & Consulting.

The map in Figure II-9 displays the percent of originated loans that were subprime in 2013 by Census tract. The majority of the Census tracts with low levels of subprime loans are in the northeast section of the city and many of the Census tracts with high levels of subprime loans are in the southern section of the city. Some of these neighborhoods also have Hispanic and minority resident concentrations.

Figure II-9.
Subprime Loans All Races and Ethnicities by Census Tract, City of Carrollton, Texas, 2013



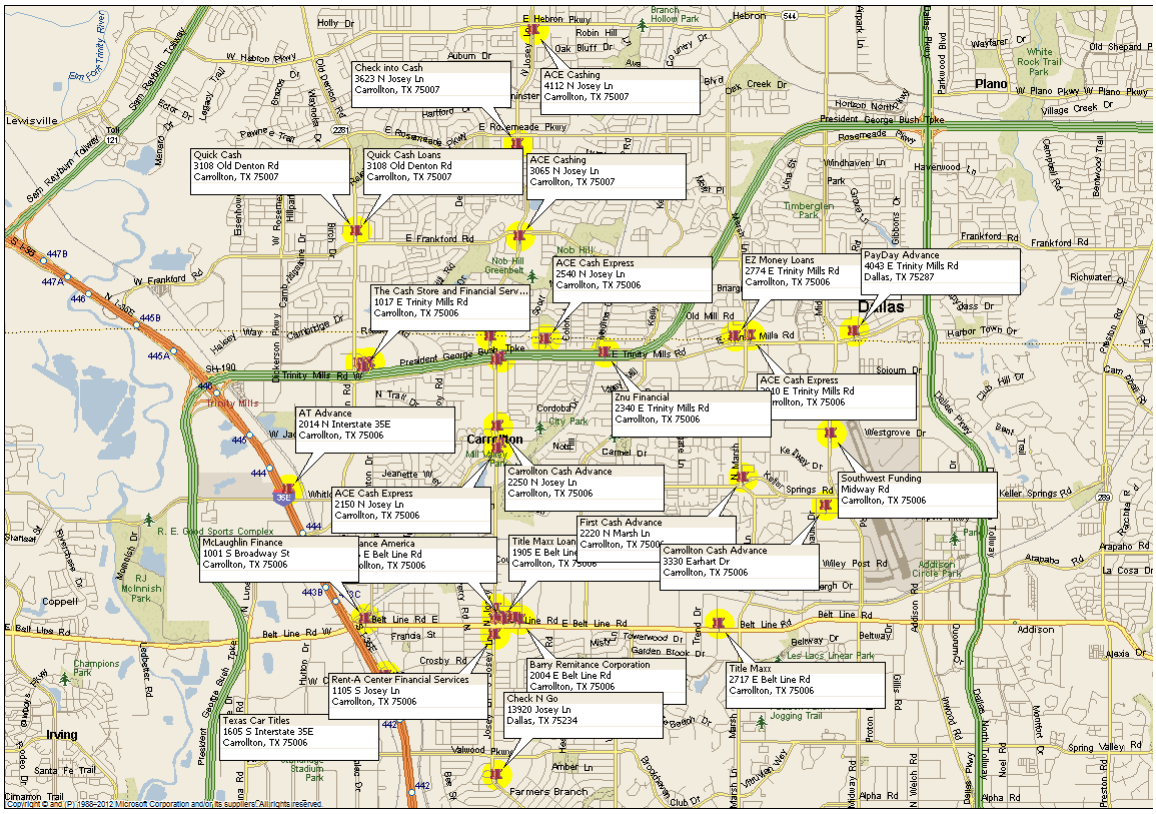
Note: Does not include loans for multifamily properties or non-owner occupants.
Census tracts 137.13, 216.20 and 140.02 not included due to very low levels or no originated loans.

Source: FFIEC HMDA Raw Data, 2013 and BBC Research & Consulting.

During the public comment period for the Five-year Consolidated Plan conducted in 2014, members of the Mary Immaculate Parish expressed their concern about the large number of predatory lenders near the Parish. The Parish had identified 27 predatory lenders operating within the boundary of the Parish (see Figure II-10). These lenders operate within areas in Carrollton that are also areas of high loan denials and high subprime loans.

Concerns about the large number of payday or quick cash lenders centered on the perception that residents who rely on these services are being taken advantage of and that the high number of such businesses crowds out more traditional financial service providers or nonprofits who may be able to serve these residents' at a lower cost to the resident. In recent years, the Texas legislature has attempted to address the issue of payday lenders, but these businesses appear to still be the primary financial institution serving low income residents of Carrollton near the Mary Immaculate Parish.

Figure II-10.
Map of Predatory Lenders Near Mary Immaculate Parish



Source: Mary Immaculate Parish, Carrollton, TX.

SECTION III.

Public Input

SECTION III.
Public Input

This section presents findings and themes from the AI's public input process as well as the public comment period.

Process Overview

The public input process for the AI included a community meeting, a focus group with women with intellectual disabilities, and two public hearings. The city promoted the community meeting through posting notices on the Carrollton Nextdoor social network (Figure III-1), mailing an invitation to each of the 80 apartment complexes in Carrollton and an email invitation to 240 Realtors. The NextDoor posting reached 9,071 residents. Notices published in the Carrollton Leader on May 31, June 7, June 28 and July 5, 2015 promoted the community meeting and public hearings.

In the community meeting and first public hearing, BBC presented key findings from the AI, including maps used in the concentration analysis as well as findings from the HMDA data. Attendees participated in a facilitated discussion to share their reaction to the findings, their experience with housing discrimination in Carrollton and their suggestions for how Carrollton could address the identified impediments. Three residents participated in the community meeting. Carrollton's nine-member Neighborhood Advisory Commission (NAC) held the first public hearing and participated in a discussion of the findings. Mosaic, a Carrollton organization serving persons with intellectual disabilities hosted a focus group with five adult clients and three members of staff. City of Carrollton staff observed the meetings and focus group and served as a resource to answer questions from the attendees. Public meetings conducted for the development of Carrollton's 2014-2018 Consolidated Plan included fair housing discussions; where applicable, those comments are incorporated into this section.

Carrollton's City Council approved a resolution acknowledging the AI's recommendations on July 21, 2015.

Figure III-1.
Nextdoor Public Meeting Promotion

Analysis of Impediments for Fair Housing Study 4r

Neighborhood Partnership Office from City of Carrollton

The CDBG program contains a regulatory requirement to affirmatively further fair housing based upon HUD's obligation under Section 808 of the Fair Housing Act. In order to meet HUD's compliance, the City is required to perform an Analysis of Impediments (AI) to Fair Housing study. The purpose of the Action Plan is to identify a jurisdiction's housing and community development needs, priorities, goals and strategies; and to stipulate how funds will be allocated to housing and community development activities.

In an effort to solicit increased community participation and involvement in identifying community development needs, the City of Carrollton will hold three (2) public meetings to receive your comments on the Analysis of Impediments to Fair Housing. The City Council cordially invites your comments, concerns and/or ideas on the potential uses of these funds.

Wednesday, June 10, 2015 at 6:30 p.m. at Crosby Recreation Center, Elm Fork Room, 1610 E. Crosby Rd. Carrollton TX 75006

Thursday, June 11, 2015 at 6:30 p.m. in the City Council Briefing Room on the 2nd Floor of City Hall, 1945 E Jackson Road.

To read the first draft of the AI click here: www.cityofcarrollton.com/cdbg

If you are unable to attend, you may submit written comments by responding to this post.

Shared with City of Carrollton in General

Source: City of Carrollton.

Discussion Summary

Much of the discussion in the community meeting and public hearing focused on the findings of the concentration analysis (see Section I) and the HMDA analysis (see Section II). As in the public involvement process for the 2014-2018 Consolidated Plan development, participants discussed affordable housing, blight prevention and home repair or maintenance needs. In the focus group with Mosaic clients, participants talked about their current housing situations, ability to access community amenities and their experiences living in Carrollton.

Mosaic focus group. As noted previously, Mosaic serves individuals with intellectual disabilities and provides opportunities for them to "enjoy a full life." Their services include case management, employment services, housing provision and services and other activities. Mosaic clients who participated in the focus group either live in their own apartment or in small residential group homes. All but one currently lives in Carrollton.

- The one woman who does not currently live in Carrollton would love to move to the city, but is unable due to a lack of affordable housing. She previously lived in Carrollton and was able to have more independence because of the city's bus system. She must rely on

transportation from service providers and family because Addison does not have that resource.

- In their experience, Carrollton is a very friendly place. People are nice to the ladies and they feel welcome and comfortable in the places they go in Carrollton.

- Those who live independently like that their apartment is in a larger complex that includes some of their fellow Mosaic clients so that they can socialize.

- The women shared examples of how they are able to participate in the Carrollton community with Mosaic's help. These included social activities, seeking outside employment at a local grocery store and more.

- Staff discussed the difficulty they experience trying to find affordable housing for clients in Carrollton as well as emerging challenges resulting from the aging Baby Boomer population. Many adults with intellectual disabilities have always lived with their parents. As their parents age and are no longer able to provide care, alternative housing arrangements must be made, increasing the demand for affordable housing and supportive services.

Concentration analysis. In discussing the results of the concentration analysis participants' conversation ranged from specifics about the ECAP neighborhood and the area with the greatest proportion of persons with disabilities to a dialogue about how to interpret the findings.

- As demonstrated in Section I, Carrollton is a truly mixed income community throughout. In discussing the poverty component of the R/ECAP definition, participants inquired whether or not the city had other Census tracts which met the poverty conditions of the R/ECAP definition (but not the racial/ethnic concentration level). Only the ECAP Census tract (137.13) meets the 40 percent poverty threshold in Carrollton.

- Carrollton's low and moderate income Census tracts are not a one to one match with the city's minority majority neighborhoods.

- Participants suggested that the ECAP Census tract (137.13) may not meet the ECAP definition if more current data were available due to the closing and demolition of a blighted apartment complex that met nuisance standards. Tenants were provided relocation assistance.

- Land use in the Census tract with the greatest proportion of persons with disabilities (140.02) is primarily industrial. A small mobile home community (Sandy Lake Carefree RV Resort) is located in the tract. More than half of the residents living in the tract are over age 60 and none of the persons with disabilities are under the age of 18.

HMDA analysis. In both the community meeting and the public hearing, much of the discussion of the AI results focused on the findings from the HMDA analysis. Participants were concerned about the observed disparities by race and ethnicity and wondered whether or not

the denials were due to discrimination. In both groups, after the presentation of findings, participants explored ideas for how the city could help.

- A real estate agent shared her perspective that in the Carrollton area "all people are green" to real estate professionals, including mortgage brokers. In her experience, even subconscious discrimination conflicts with the professional's economic well-being.

- With respect to the large disparity found in denials for home improvement loans, participants discussed whether or not the city could develop a program that would offer such loans to residents living in low and moderate income neighborhoods who have been denied in the private market. This concept was tied to the aims of the city's NOTICE program which leverages CDBG funds to maintain the quality of the infrastructure and housing stock in Carrollton's low and moderate income neighborhoods.

Affordable housing. The housing needs analysis for Carrollton's Consolidated Plan found gaps in the number of units for low income households in Carrollton. This was amplified by community partners' discussion of the number of families living in motels, doubling up or living with severe cost burdens. Mosaic staff described the challenges they encounter in trying to find housing in Carrollton that is affordable to clients reliant on disability income (about $721 per month) with a housing voucher. From their perspective, "there are no affordable apartments in Carrollton." They have clients who would like to live in Carrollton and would greatly benefit from the city's public transportation system and the city's sense of community.

Public Comment

Beginning June 3, 2015, the draft AI was available for public comment on the City's website. On June 15 the draft AI was sent by email to the City's nonprofit service providers. The public comment period closed on July 21, 2015 with a public hearing before City Council.

As part of the comment process, Mayor Pro Tem Anthony Wilder noted that he strongly disagrees with the recommendations by BBC in this Analysis of Impediments to Fair Housing document.

SECTION IV.

Impediments and Fair Housing Action Plan

SECTION IV.
Impediments and Fair Housing Action Plan

This section summarizes the findings from Carrollton's prior AI and the 2015 impediments and Fair Housing Action Plan.

Findings from the 2009 AI

The city's last AI was prepared in January 2009. The fair housing impediments identified in the 2009 AI included the following:

1. Inadequate affordable housing supply, specifically, poor condition of affordable rental housing and difficulty for minority and low income residents to attain homeownership;

2. Lack of a local fair housing ordinance, challenges with local enforcement and a need to increase public awareness of fair housing.

3. Impacts of subprime mortgage lending crises and subprime loans.

4. Low number of loan applications from minorities.

5. Predatory lending and other industry practices.

6. Poverty among low income and minority populations.

7. Limited resources to assist low income, elderly and indigent homeowners maintain their homes and stability in neighborhoods.

The 2009 Fair Housing Plan included a number of recommendations to address the impediments. The 2009 Fair Housing Action Plan, along with the city's accomplishments in addressing the recommendations, is summarized below.

6.1 Real Estate Impediments

Impediment: Inadequate affordable housing supply.

Suggested Remedial Actions:

1. Work with local banks, developers and non-profit organizations to expand the stock of affordable housing.

2. Increase production of new affordable housing units and assistance toward the purchase and renovation of housing in existing neighborhoods.

3. Greater emphasis on capacity building and technical assistance initiatives aimed at expanding non-profit, faith based organizations and private developers' production activities in the city.

4. Alternative resources for housing programs should be sought from Federal Home Loan Bank, Fannie Mae, U.S. Department of Treasury Community Development Funding Institution (CDFI) program, and other state and federal sources.

5. Seek resources and explore opportunities to implement a first time home buyer mortgage assistance program.

6. Consider inclusionary zoning, as one alternative means of promoting balanced housing development.

7. Encourage major employers and lenders to design and implement Employer-Assisted Housing (EAH) programs.

Foster and Maintain Affordable Housing

As per the city's five-year Consolidated Plan housing goals and priorities, the city will continue to support developers to build affordable housing through Low Income Housing Tax Credit program. The city also finished updating its *Analysis of Impediments to Fair Housing Choice* to assess the current affordable housing needs in Carrollton.

The City of Carrollton's Comprehensive Plan encourages the construction of numerous housing types and the city has adopted building codes and ordinances that promote affordable housing throughout the city. To date, there is no evidence that zoning regulations, building codes, lot size limitations, development fees, or tax rates have a significant adverse effect on the provision of affordable housing in Carrollton.

Carrollton has traditionally been a proponent of residential growth and of affordable housing. Impact fees are limited to new development citywide and are reasonable in rate; there are no "slow growth" or "no growth" ordinances in effect; and the current Zoning Ordinance allows for residential construction of single-family homes with a minimum dwelling unit area of 1,200 square feet and multi-family units with a minimum floor area of 600 square feet. Under the Ordinance, a minimum of a 5,000 square foot lot is allowed. This allowance is important especially as the city begins to address the challenge of in-fill housing in older neighborhoods across the community.

Carrollton's subdivision regulations provide for standard infrastructure and do not vary from area to area unless specified in a Planned Development (PD) or in more restrictive zoning districts. In these cases, more restrictive development standards may apply with regard to setbacks and masonry requirements.

As long as building code requirements are met, most housing types can be built in Carrollton. The Zoning Ordinance allows for single-family, duplex, triplex, quadraplex, townhouse, mobile home, apartment, extended-stay hotels and boarding house development.

6.2 Public Policy Impediments

Impediment: Lack of a local fair housing ordinance, local enforcement and a need to increase the public awareness of fair housing.

Suggested Remedial Actions:

1. Increase fair housing education and outreach efforts.

2. City could consider future adoption of a local fair housing ordinance and regional investigation and enforcement in conjunction with other local jurisdictions when the city has additional capacity to administer the effort.

6.3 Banking, Finance, Insurance and other Industry related impediments

Impediment: Impacts of the Sub-prime Mortgage Lending Crises and increased Foreclosures

Suggested Remedial Actions:

1. Identify funding to provide mortgage assistance to first time home buyers.

2. Work with the State, National Non-Profit Housing Intermediaries and HUD to develop a program and identify funding that can help reduces the mortgage default rate and foreclosure rates among low and moderate income home buyers and existing home owners. The program includes: maintenance and replacement reserve account; mortgage default and foreclosure prevention account; post purchase support programs.

Impediment: Low number of loan applications from minorities.

Suggested Remedial Actions:

1. Continue homebuyer outreach and education efforts.

2. Encourage banks and mortgage companies to expand homebuyer support services as a means of improving the origination rates among minorities.

3. Discuss findings in this study relative to the HMDA data with lending institutions and encourage them to develop strategies to improve the success rate among loan applications submitted by minority applicants.

4. Expand homeownership and credit counseling classes as part of the high school curriculum in order to help prevent credit problems.

Impediment: Predatory lending and other industry practices.

Suggested Remedial Actions:

1. Encourage lending institutions to build banking centers in low-income census tracts and to provide greater outreach to the low income and minority communities.

2. Establishing or reestablish checking, saving, and credit accounts for residents that commonly utilize check cashing services through Bank initiated "fresh start programs" for those with poor credit and previous non compliant bank account practices.

3. Encourage appraisal industry comparability studies to identify real estate comparables that more realistically reflect the values of homes being built in low income areas.

6.4 Socio-Economic Impediments

Impediment: Poverty and low-income among minority populations.

Suggested Remedial Actions:

1. Continue to work on expanding job opportunities through the recruitment of corporations, the provision of incentives for local corporations seeking expansion opportunities, assistance with the preparation of small business loan applications, and other activities.

2. Continue to support agencies that provide workforce development programs and continuing education courses to increase the educational level and job skills of residents.

6.5 Neighborhood Conditions Related Impediments

Impediment: Limited resources to assist lower income, elderly and indigent homeowners maintain their homes and stability in neighborhoods.

Suggested Remedial Actions:

1. Design and implement a Centralized Program of Self-Help Initiatives based on volunteers providing housing assistance to designated elderly and indigent property owners and assist them in complying with municipal housing codes.

2. Gain greater involvement from volunteers, community organizations, religious organizations/institutions and businesses as a means of supplementing available financial resources for housing repair and neighborhood cleanups.

Actions to Address Underserved Needs

The city continues to target low-moderate income persons, families and neighborhoods through various programs. The city's *Neighborhood Oriented Targeted Infrastructure and Code Enforcement (NOTICE)* program focuses on low-moderate income neighborhoods to provide safe streets, sidewalks, alleys and utility lines. The NOTICE program was recognized by *Neighborhoods USA in 2007* under the category of physical revitalization and beautification. This program has been a vital change agent in the communities and it positively impacts the quality of life of the citizens.

The Minor Home Repair program is a minor exterior home repair program targeting income qualified residents of Carrollton. The city also supports a variety of local social service agencies

that provide youth, family, elderly medical, homeless and crisis services. The Community Services Division will continue to serve as the informational and referral agency for the local non-profits and housing authorities.

The City of Carrollton continues to maintain a strong emphasis on safe and affordable housing for all residents. Through the City of Carrollton Environmental Services Department there are two inspection programs geared toward maintaining rental property, one for single-family rental property and the other for multi-family rental property.

The Single-Family Rental Registration and Inspection Ordinance passed by the City Council ensures tenants and landlords of residential rental properties are involved in maintaining single-family homes in a safe and sanitary condition. The Single-Family Rental Inspection Program is an effective way of ensuring a sustainable community and safe housing is available in all of the neighborhoods in Carrollton. The ultimate goal is to improve the overall condition of rental properties and to provide decent and affordable housing without being a blight on surrounding homes, thus helping enhance property values within the affected neighborhoods. This ordinance requires all property owners and companies who rent or lease single-family homes or duplexes in Carrollton to register those rental properties with the city and to have them inspected by the city. A review of code enforcement cases found single-family rental properties are approximately 15 percent of single family homes in Carrollton but, they account for a disproportionately high percentage of neighborhood code violations. This diverts staff time from other code enforcement duties and has a negative effect on the surrounding homes.

The Multi-Family Inspection Program stabilizes, maintains and enhances the apartment communities and hotels in Carrollton. The program operates in partnership with the residents and management staff of those apartment communities and hotels to achieve this goal through the enforcement of the Title 9, Chapter 96 of the Carrollton Code of Ordinances, and the Comprehensive Zoning Ordinance. The Multi-Family Inspection Program operates by performing annual inspections of apartment communities and hotels, responding to complaints about potential violations of the Carrollton Code of Ordinances, and the Comprehensive Zoning Ordinance and meeting with apartment management staffs on a regular basis to appraise and inform them of various city Codes and regulations. Carrollton is a vital community of healthy, stable and exciting apartment communities in which people of all cultures choose to live and make a personal investment. Our apartment communities foster a feeling of security and positive atmosphere for their residents to live in.

2015 Barriers to Fair Housing Choice

The fair housing impediments found in this AI update are discussed below.

Impediment 1. Residential credit—particularly home improvement loans—can be difficult for minority households in Carrollton to access. This may adversely affect conditions of Carrollton's neighborhoods with high proportions of minority residents.

- Residential loans are denied between 20 and 30 percent of the time for most minority applicants, compared to between 13 and 14 percent for non-Hispanic, white and Asian applicants (Figure II-3 in Section II).

- Middle-income African American loan applicants are denied residential loans at almost twice the rate of white applicants (Figure II-4).

- For the majority of borrower groups (whites excepted), home improvement loans are denied more than 70 percent of the time (Figure II-5). The high rates of denials have implications for the condition of homes—and spillover effects in neighborhoods—of the city's minority residents.

- Although not perfectly correlated, many areas of high denials and high subprime lending are also the neighborhoods where minority residents are concentrated.

Impediment 2. Lack of affordable rental housing in Carrollton may disproportionately impact Hispanic residents and children.

Carrollton's Hispanic residents have a poverty rate that is twice as high as other racial groups. Children have the highest poverty rate of any age cohort. As such, these two groups of residents are disproportionately affected by limited affordable housing in the city.

The limited number of affordable rentals in Carrollton relative to low income household growth, coupled with rising housing costs, has increased the need for affordable rentals during the past decade. The shortage of affordable rentals may disproportionately impact residents of Hispanic descent and children, who have the highest rates of poverty in Carrollton.

Impediment 3. Fair housing information may be difficult for residents to find.

Although city staff have a standard process for referring residents with questions about their fair housing rights to appropriate organizations in the greater Dallas area, city websites do not contain information about fair housing. When faced with fair housing questions, residents would need to contact city staff directly, then be referred to the appropriate department or organization outside of Carrollton.

2015 Recommended Fair Housing Action Plan

It is recommended that the City of Carrollton consider the following Fair Housing Action Plan (FHAP) and activities for reducing fair housing impediments.

Action Item 1. Improve the personal credit and financial literacy of certain Carrollton residents.

- The city should support the availability of financial counseling to households wanting to buy a home. Such counseling should be targeted to African American and Hispanic residents who live in Census tracts where loan denials are the highest.

- The city should consider working with credit counseling agencies and nonprofit housing partners to offer Public Service Announcements (PSAs) and other forms of outreach and education about good lending decisions and how to be aware of predatory lending practices.

Action Item 2. Continue city funding of home improvement and modification programs. Carrollton should continue to help low income residents with home improvements and accessibility modifications that they cannot afford and/or for which they cannot access residential credit from the private sector. The city should monitor the race, ethnicity and familial and disability status of program recipients to ensure that protected classes with disproportionate needs are adequately served by the program. The city should also ensure that the program assists households located in neighborhoods with high rates of loan denials, to work against neighborhood disinvestment.

Action Item 3. Increase the inventory of deeply affordable rentals in Carrollton. The city should continue to support the development of subsidized rental units that are affordable to residents earning less than $20,000 per year, and accommodate a range of unit sizes to ensure that the families living in poverty with children have access to stable and affordable housing.

Action Item 4. Modify some aspects of the city's land use code to mitigate discriminatory treatment of persons with disabilities. The zoning code and land use regulatory review in Section I of this AI found several areas for improvement. These include:

- Adjust the definition of "family" to clarify that unrelated individuals with disabilities who reside together in a congregate or group living arrangement are excepted from the occupancy limit.

- Include a less restrictive definition of disability. The city's current definition appears to restrict disability to a physical or mental impairment that substantially affects their activities of daily life. Not only is this a dated definition (the range of care persons with

disabilities need is wide-ranging and can change over time), this definition could be interpreted to exclude persons with HIV/AIDS and recovering substance abusers.[1]

- Remove the restriction that a community home cannot be established within one-half mile of an existing community home. A number of courts have found that spacing/dispersal requirements for group homes are discriminatory and do not serve a legitimate government purpose.
- Include personal care homes and residential facilities for persons with developmental disabilities, mental health challenges and recovering substance abusers in single family (personal care homes only) and multifamily districts by right.
- Incorporate a reasonable accommodation policy into the zoning code to increase awareness and understanding of the policy; and
- Incorporate a discussion of fair housing law into the zoning ordinance.

Action Item 5. Improve access to fair housing information. Carrollton's apartment inspection program presents a unique opportunity for one-to-one fair housing education from the city to landlords and, by extension from landlords, to tenants. Rental housing inspectors should provide landlords with fair housing education materials for both the landlord and the unit's tenant(s). Communication of fair housing information should also be distributed through the license and registration system.

Carrolton should also provide information on fair housing rights on its website, with links to organizations in the greater Dallas area that engage in fair housing education, conduct fair housing investigation and accept complaints. Finally, as a part of routine training, frontline staff should receive training in fair housing basics and be provided with appropriate referral information for landlord or tenant inquiries.

[1] Although current users of addictive or controlled substances are not protected by the FFHA, *recovering* substance abusers are generally considered as persons with disabilities. District courts have uniformly held that recovering substance abusers are protected by federal fair housing laws.