

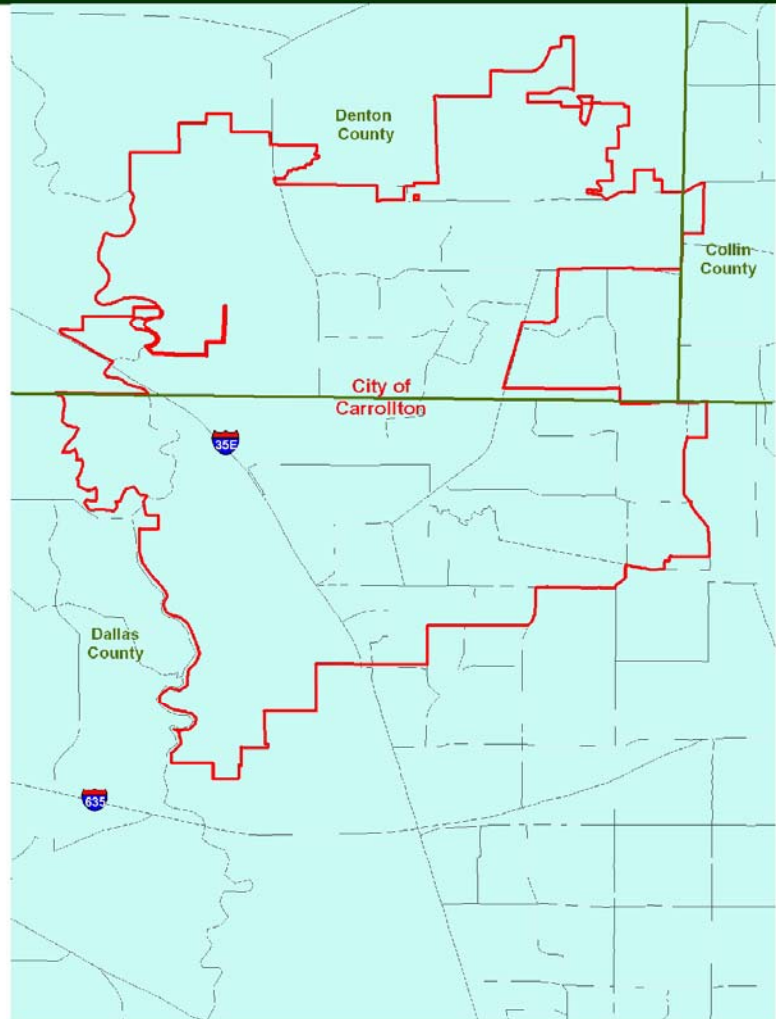
# City of Carrollton, Texas

## ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING

**CARROLLTON** TEXAS

Ronald F. Branson  
Mayor, City of Carrollton

January, 2009



Prepared by:  
**J-QUAD Planning Group**

14683 Midway Road, Suite 110  
Addison, Texas 75001  
Ph (972) 458-0600  
Fax (972) 458-0602

---

## **CITY OF CARROLLTON, TEXAS ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE**

### **Prepared for**

City of Carrollton  
Environmental Services Department Community Services Division  
1945 E. Jackson Road  
Carrollton, Texas 76702-2570

### **Prepared by**

J-Quad Planning Group  
14683 Midway Road, Suite 210  
Addison, Texas 75001  
[www.jquad.com](http://www.jquad.com)



**Final Report**

**January 7, 2009**

# Introduction and Acknowledgements

## Introduction

This report provides an Analysis of Impediments to Fair Housing Choice (AI) for the City of Carrollton, Texas for program year 2007-2008. This AI was conducted using a methodology consistent with the U.S. Department of Housing and Urban Development (HUD) guidelines. HUD requires that each jurisdiction receiving federal funds certify that it is affirmatively furthering fair housing. The certification specifically requires jurisdictions to do the following:

- Conduct an **analysis of impediments** to fair housing choice within the state or local jurisdiction.
- Take appropriate actions to overcome the effects of any impediments identified through that analysis.
- Maintain records reflecting the analysis and actions in this regard.

## Lead and Participating Agencies

The City of Carrollton, Environmental Services Department Community Services Division was responsible for oversight and coordination of the AI process. The City of Carrollton retained J-Quad Planning Group, a Community Development, Urban Planning and Housing Consulting firm to assist in the preparation of the AI.

## Acknowledgements

Data collected in preparing the AI relied in part on input from the public. The process included information gathered from three citizen focus groups, key persons interviews, and data provided by the City Manager's Office, Community Services Division, and other City Departments. We also acknowledge the participation of the local chamber of commerce, and representatives from the financial, housing development, non-profit, social services, business and real estate industries. Special thanks to the City of Carrollton Neighborhood Advisory Commission for its participation and contributions toward making the AI process a success.

## Table of Contents

<b>Executive Summary</b> .....	i
<b>Section 1 – Community Profiles</b> .....	<b>1</b>
1.1 Demographic Profile.....	1
1.2. Income Profile .....	10
1.3. Employment and Education Profile .....	13
1.4. Public Transportation Profile .....	16
1.5. Housing Profile.....	19
<b>Section 2 – Fair Housing Law, Municipal Policies and Complaint Analysis</b>	<b>28</b>
Introduction .....	28
2.1. Fair Housing Law .....	30
2.2. Enforcement.....	40
2.3. Production and Availability of Affordable Units.....	41
2.4. Regulatory and Public Policy Review.....	43
2.5. Analysis of Fair Housing Complaints.....	44
2.6. Conclusions and Implications for Fair Housing Barriers .....	46
<b>Section 3 – Focus Groups and Community Engagement</b> .....	<b>47</b>
Introduction .....	47
3.1. Focus Group Concerns and Comments .....	47
3.2. Solutions .....	53
<b>Section 4 - Home Mortgage Disclosure Act Data (HMDA) Analysis</b> .....	<b>54</b>
Introduction .....	54
4.1. Analysis.....	54
4.2. Conclusions.....	61
<b>Section 5 - Fair Housing Index</b> .....	<b>71</b>
Introduction .....	71
5.1. Methodology.....	71
5.2. Findings.....	74
<b>Section 6 – Impediments and Remedial Activities</b> .....	<b>77</b>
Introduction .....	77
6.1. Real Estate Impediments .....	78
6.2. Public Policy Impediments .....	85
6.3. Banking, Finance, Insurance and other Industry Impediments.....	88
6.4. Socio-Economic Impediments.....	96
6.5. Neighborhood Conditions Related Impediments .....	99
<b>Section 7 – Oversight, Monitoring and Maintenance of Records</b> .....	<b>105</b>

---

## **CITY OF CARROLLTON, TEXAS ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE**

### **Prepared for**

City of Carrollton  
Environmental Services Department Community Services Division  
1945 E. Jackson Road  
Carrollton, Texas 76702-2570

### **Prepared by**

J-Quad Planning Group  
14683 Midway Road, Suite 210  
Addison, Texas 75001  
[www.jquad.com](http://www.jquad.com)



**Final Report**

**January 7, 2009**

# Introduction and Acknowledgements

## Introduction

This report provides an Analysis of Impediments to Fair Housing Choice (AI) for the City of Carrollton, Texas for program year 2007-2008. This AI was conducted using a methodology consistent with the U.S. Department of Housing and Urban Development (HUD) guidelines. HUD requires that each jurisdiction receiving federal funds certify that it is affirmatively furthering fair housing. The certification specifically requires jurisdictions to do the following:

- Conduct an **analysis of impediments** to fair housing choice within the state or local jurisdiction.
- Take appropriate actions to overcome the effects of any impediments identified through that analysis.
- Maintain records reflecting the analysis and actions in this regard.

## Lead and Participating Agencies

The City of Carrollton, Environmental Services Department Community Services Division was responsible for oversight and coordination of the AI process. The City of Carrollton retained J-Quad Planning Group, a Community Development, Urban Planning and Housing Consulting firm to assist in the preparation of the AI.

## Acknowledgements

Data collected in preparing the AI relied in part on input from the public. The process included information gathered from three citizen focus groups, key persons interviews, and data provided by the City Manager's Office, Community Services Division, and other City Departments. We also acknowledge the participation of the local chamber of commerce, and representatives from the financial, housing development, non-profit, social services, business and real estate industries. Special thanks to the City of Carrollton Neighborhood Advisory Commission for its participation and contributions toward making the AI process a success.

## Executive Summary

---

### Introduction

In 1995 the U.S. Department of Housing and Urban Development (HUD) announced that entitlement communities - communities receiving direct federal funding from Community Development Block Grant, HOME Investment Partnership and Emergency Shelter Grant programs – must conduct a study of existing barriers to housing choice. This required study is referred to as the "Analysis of Impediments (AI) and is part of entitlement communities' consolidated planning process.

The purpose of the AI is to examine how state and local laws, private, public and non-profit sector regulations, administrative policies, procedures, and practices impacted the location, availability, and accessibility of housing in a given area. The AI is not a Fair Housing Plan rather it is an analysis of the current state of fair housing choice in Carrollton and identifies specific barriers that need to be addressed if future fair housing initiatives are to be successful.

Each jurisdiction receiving federal funds must certify that it is affirmatively furthering fair housing. The certification specifically requires jurisdictions to do the following:

- Conduct an analysis of impediments to fair housing choice within the state or local jurisdiction.
- Take appropriate actions to overcome the effects of any impediments identified through that analysis.
- Maintain records reflecting the analysis and actions in this regard.

Evaluating fair housing impediments is a complex process involving diverse and wide-ranging considerations. The role of economics, housing patterns, and personal choice are important to consider when examining fair housing choice. Carrollton has relatively few impediments to fair housing. However, some issues were identified.

The analysis of fair housing choice in the city of Carrollton has resulted in the identification of impediments, identified through a study methodology that included conducting focus group sessions, the construction of a demographic analysis resulting in a community profile and fair housing index, analysis of the Home Mortgage Disclosure Act (HMDA) data for the City of Carrollton and Dallas, Collin, and Denton Counties, and a fair housing law and public policy and program review.

### **Community Profiles**

Carrollton is located in Collin, Dallas, and Denton Counties in Texas and is a suburb of Dallas. The city was recognized as the 15<sup>th</sup> best place to live in America by MONEY Magazine in 2008. According to the population estimates provided by the North Central Texas Council of Governments (NCTCOG), the population of Carrollton is 120,550 in 2008. The city's population grew by 33.4 percent between 1990 and 2000, from 82,169 to 109,576. The Hispanic population increased by 154.2 percent from 8,420 to 21,400 persons between 1990 and 2000. Hispanics accounted for 19.5 percent of the total population in 2000. The Asian or Pacific Islander populations increased by 114.7 percent from 6.8 percent to 11.0 percent of the total population between 1990 and 2000. There was a 70.95 percent increase in the African-American population and a 44.5 percent increase in the American Indian and Eskimo population. The White population increased by 15.31 percent for that same period but decreased from 83.1 to 71.88 percent of the total population between 1990 and 2000.



The percentage of female-headed households with children among White households was 5.4 percent, compared to 9.2 percent in Hispanic households, 3.08 percent in Asian households, and 14.8 percent in African-American households. When considering all family types with children present, the data show that 35.1 percent of all White households, 59.9 percent of all Hispanic households, 58.2 percent of all Asian households, and 48.4 percent of all African-American households were in this category. Non-family households among Whites made up 30.2 percent of all White households in Carrollton, compared to 14.2 percent of all Hispanic households, 9.3 percent of all Asian households, and 28.2 percent of all African-American households.

The modal income class, the income class with the highest number of households, for Whites was the \$100,000 or more range, with 26.7 percent of Whites in this income range. The most frequently reported income for Hispanic, Asian, and African-American households was less than \$50,000 to \$ \$74,999 range, with 24.7 percent of Hispanic households, 24.0 percent of Asian households, and 27.6 percent of African-American households earning this range.

The data reveals that poverty is more prevalent in the Hispanic, Asian, and African-American communities. The incidence of poverty among Hispanics was reported to be 15.5 percent compared to 7.9 percent among Asians, 5.6 percent of African-Americans and 2.9 percent of White persons as a percent of the total population in 2000.

The unemployment rates from the Census data indicates that higher unemployment is centered in the Hispanic, Asian, and the African-American communities. In the 2000 Census, 2.5 percent of White persons age 16 and over reported being unemployed. Hispanic persons in the same age group reported a 4.1 percent unemployment rate, Asian reported a 3.8 percent rate, and African-Americans had a 4.1 percent rate. The US Census shows that the unemployment

rate was 3.0 percent for the overall city in 2000. According to the Bureau of Labor Statistics and Real Estate Center at Texas A&M University, the unemployment rate for the Carrollton was 3.8 percent in 2007.

In Carrollton, the difference in the unemployment rate between the three races and those of Hispanic ethnicity may in part be attributed to their educational attainment. According to the 2000 Census, 47.8 percent of Hispanics age 25 and above reported less than a high school education compared to 21.8 percent of Asians, 6.5 percent for African-Americans, and 5.1 percent for Whites in the same age group. Lower educational attainment increasing the potential that higher percentages of the workforce will have limited special knowledge or skills to offer employers. The majority of these workers end up in low-paying, low-skill positions in the service and manufacturing industries.

According to the Census data, between 1990 and 2000, the Arts, entertainment, recreation, accommodation, and food services category had the largest increase, up from 5.6 percentage points to 6.9 percent. The Educational, health, and social services had an increase, up 3.7 percentage points to 13.7 percent. The Manufacturing sector realized the largest reduction to 12.8 percent of the workforce, a decrease of 6.0 percentage points. There was also a reduction in the Retail trade sector of 2.8 percentage points, to 13.1 percent of the total workforce.

According to the City of Carrollton, the employers with 1,000 or more employees in the city include Carrollton/Farmers Branch Independent School District, Halliburton Energy Services, and ST Microelectronics Semiconductors. The employers with 500 to 1,000 employees include ACCOR North America, City of Carrollton Municipal Government, General Aluminum Corporation, Hilton Reservations Worldwide, McKesson Corporation, RealPage, RIA Computer Software, Trinity Medical Center, and Western Extrusions Corporation.

Dallas Area Rapid Transit (DART) currently provides bus service in Carrollton. DART is a regional transportation system that provides rail, bus, para-transit, HOV lane and rideshare services to 13 member cities. Three light rail stations are scheduled to open in 2008 and 2009. The City's is currently considering responses to a request for proposal to select and negotiate a contract with a private developer to develop the land areas around each station consistent with urban development intensity desired at those locations.

According to the housing estimates provided by the NCTCOG, Carrollton had 44,637 housing units in 2007. The total number of housing units in the city increased by 14.1 percent between 2000 and 2007, from 39,136 units in 2000. Of the total number of housing units in 2000, 65.6 percent were owner-occupied, 34.3 percent were renter-occupied, and the remaining 3.4 percent were vacant. The vacancy rate in the city decreased by 4.3 percentage points between 1990 and 2000. The homeownership rate increased from 60.7 percent in 1990 to 65.7 percent in 2000, a five percentage point increase. According to the American Community Survey data, the median home value for the single-family houses in the city was \$159,100 and the median contract rent was \$689 in 2006.

### **Fair Housing Law, Municipal Policies and Complaint Analysis**

The State of Texas has a fair housing law that is substantially equivalent to the federal Fair Housing Act. The City of Carrollton does not have a local fair housing ordinance. The City of Carrollton refers all fair housing complaints to HUD and does not provide local enforcement and investigation of fair housing complaints. Enacting a fair ordinance that is substantially equivalent to the federal Fair Housing Act qualifies local jurisdictions to apply for federal grants to help fund their fair housing efforts. Between 2002 and 2007, a total of 19 complaints have been received and investigated through the HUD Regional Office.

An examination of local advertisements in real estate publications from May and June 2008 revealed that only six out of 30 advertisements had photographs of

representative clients who were minorities. More than half of the advertisers do not advertise with the equal housing opportunity logo or slogan. The Fair Housing Act does not require the use of the Equal Opportunity logo or minority client photos in any ad. However, these items show solid evidence of the real estate company's commitment to fair housing compliance.

Carrollton currently receives \$799,275 in the CDBG grants from the U.S. Department of HUD. The City of Carrollton operates housing programs funded with these entitlement allocations and works to address housing priorities defined in their Consolidated Plan. The City operates the People Helping People Program through a partnership with community volunteers to provide help to elderly and disabled homeowners for minor home repairs. The City has partnered with Dallas County and Denton County Housing Finance Corporation to provide assistance to first-time homebuyers. The City operates a Single-Family Rental Inspection Program to improve the quality of housing stock in the city. This inspection program is operated by the City's Code Enforcement Division and includes inspections of motels, rooming housing or boarding houses. The City's zoning ordinance and public policies were examined to reveal any current ordinances or policies that impede fair housing.

### **Focus Group Sessions**

The focus group participants voiced a number of concerns relating to fair housing choice that they perceive as impediments. Primary among the participants' concerns was the condition of multifamily housing along select corridors closest to downtown and Beltline Road and the growing use of motels for long term housing of lower income persons and the homeless. Further issues of concern included lack of public awareness of fair housing rights; the perception of concentration of poverty; potential immigration reform and its potential impacts on immigrant populations' ability to qualify for safe and decent affordable housing; lack of down payment and closing cost assistance; landlord tenant

issues; predatory lending practices; inadequate credit history; and inadequate shelters for homeless and housing for special needs populations.

The **Fair Housing Index** highlights geographic areas indicating a concentration of attributes prevalent in fair housing issues. These attributes include high minority concentrations, older housing stock, reliance on public transportation, low income, low housing values and contract rents, a high percentage of female headed households with children, a high ratio of loans denied to loans originated, high unemployment rates, and high rates of high school dropouts. The collective concentration of these issues can lead to neighborhood deterioration and declining market conditions that tend to impede fair housing choice. Our analysis and confirmation received in the focus group sessions indicate that low-income persons tend to be most concentrated in southern and eastern neighborhoods in Carrollton, and these areas are more likely to have residents experiencing severe problems with housing choice.

The **Home Mortgage Disclosure Act** (HMDA) data analysis indicates that there are issues of concern in mortgage lending. Loan denials for minority populations are at much higher rates compared to that of White applicants. There is also evidence that some characteristics of redlining are occurring in the city and counties. When comparing Very Low-Income tracts to High-Income tracts utilizing the Home Mortgage Disclosure Act data, large differences are noted between loan origination and denial rates regardless of the income of the applicant. Origination rates for the High- and Middle-Income applicants in High-Income tracts were significantly higher than in the Very Low-Income tracts. This analysis does not provide conclusive proof that redlining exists since factors other than applicant income and credit could be impacting origination rates. However, the expectation is that higher-income applicants would have relatively equal origination success rates across all census tracts and that the location of the property being acquired would not create significant percent differences in originations.

## **Remedial Activities Recommended To Address Impediments**

Fair housing choice within the City of Carrollton encounters a number of impediments, as identified through focus group sessions, a review of public policies, the analysis of market conditions, the construction of a fair housing index, and analysis of the Home Mortgage Disclosure Act (HMDA) data for Carrollton and Collin, Dallas, and Denton Counties.

The following impediments are identified and discussed in Section Six of this report as barriers to fair housing.

### **6.1 Real Estate Impediments**

**Impediment:** Inadequate affordable housing supply.

#### **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.

## **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.

### **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.

**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 reduce 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.

**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.

**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.

**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.

**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.

## Section 1: Community Profile

---

### Introduction

The Community Profile is a review of demographic, income, employment, and housing data of Carrollton, gathered from the 1990 and 2000 U.S. Census, and other sources. The following sections provide a look at the current status of the community in Carrollton:

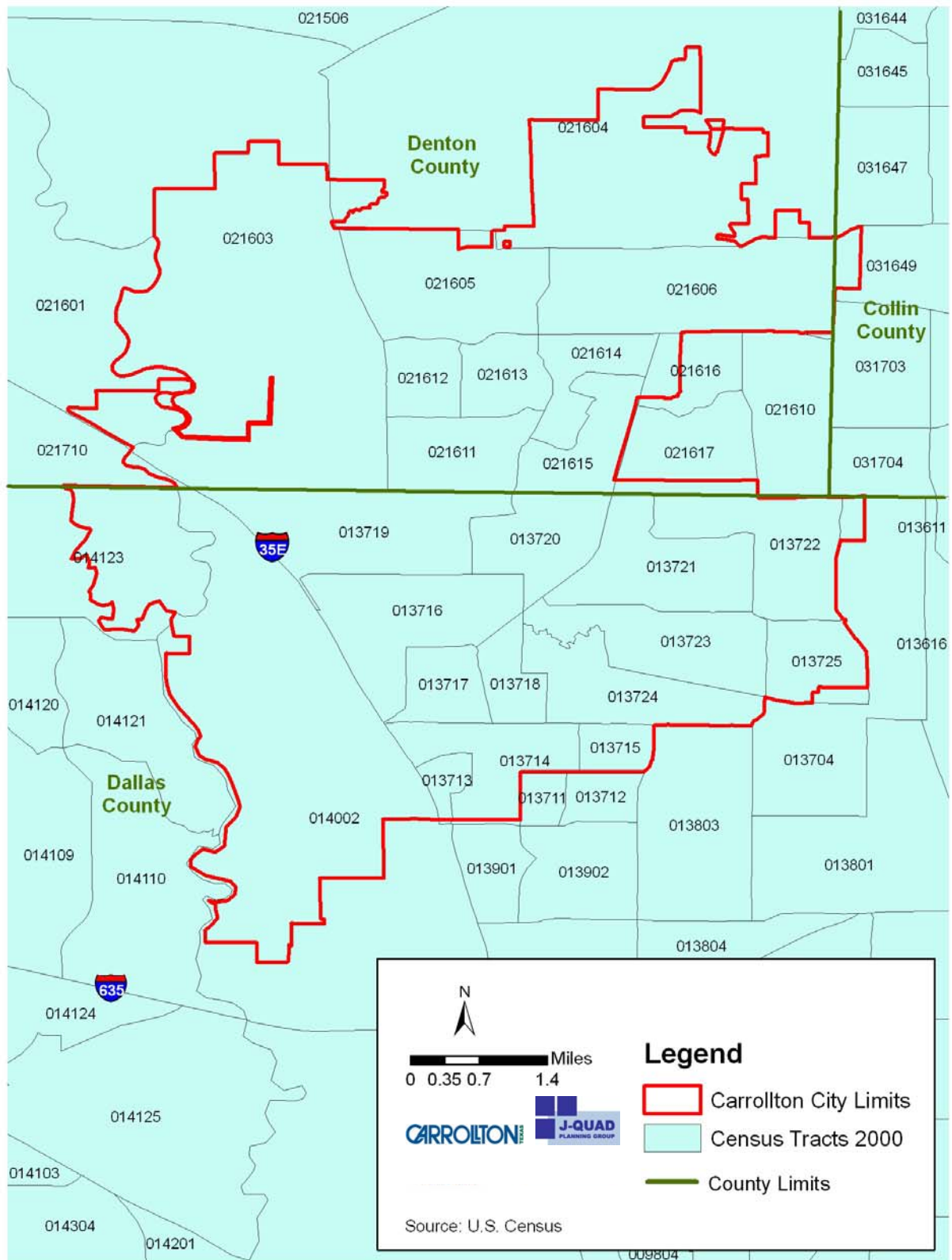
- *Demographics* - looks at the basic structure of the community in terms of racial diversity, population growth, and family structure.
- *Income* - analyzes income sources, the distribution of income across income class, and poverty.
- *Employment* - examines unemployment rates, occupation trends, and major employers.
- *Housing* - examines data on the housing stock, with particular attention to the age of the housing stock, vacancy rates, tenure, and cost burdens.

Detailed analyses will concentrate on the four major ethnic groups in Carrollton: White, Hispanics, Asians, and African-American. All other ethnic groups are smaller in number and percentage and, therefore, will not be examined in detail. The narrative is supported with tables and maps provided as reference materials. Most of the data presented in the tables and maps are directly referenced in the text. There may be some cases where additional information was included for the reader's benefit, though not specifically noted in the text.

### 1.1. Demographics

The demographic analysis of Carrollton concentrates on the magnitude and composition of the population and changes that occurred between 1990 and 2000. Please note that the attached maps present data by census tract with an overlay of the city limits. For reference, Map 1.1, on the following page, provides a visual representation of Carrollton. Carrollton city limits span over Collin, Dallas, and Denton Counties.

**Map 1.1: Carrollton, Texas**



According to the population estimates provided by the North Central Texas Council of Governments (NCTCOG), population of Carrollton is 120,550 in 2008. Table 1.1 shows that the population of Carrollton grew by 33.4 percent between 1990 and 2000. The population of the City grew by 10.0 percent between 2000 and 2008. Carrollton experienced a significant increase in the Hispanic population, by 154.2 percent between 1990 and 2000. The Census Bureau does not recognize Hispanic as a race, but rather as an ethnicity. This may account for the 116.2 percent increase in the “Other” category between 1990 and 2000. It is a common misidentification for ethnic Hispanics to choose the ‘other’ category on the Census for race rather than White or African-American.

The Asian or Pacific Islander populations increased by 114.7 percent from 6.8 percent to 11.0 percent of the total population between 1990 and 2000. The White population increased by 15.3 percent for that same period but decreased from 83.1 to 71.9 percent of the total population between 1990 and 2000. There was a 71.0 percent increase in the African-American population and a 44.5 percent increase in the American Indian and Eskimo population.

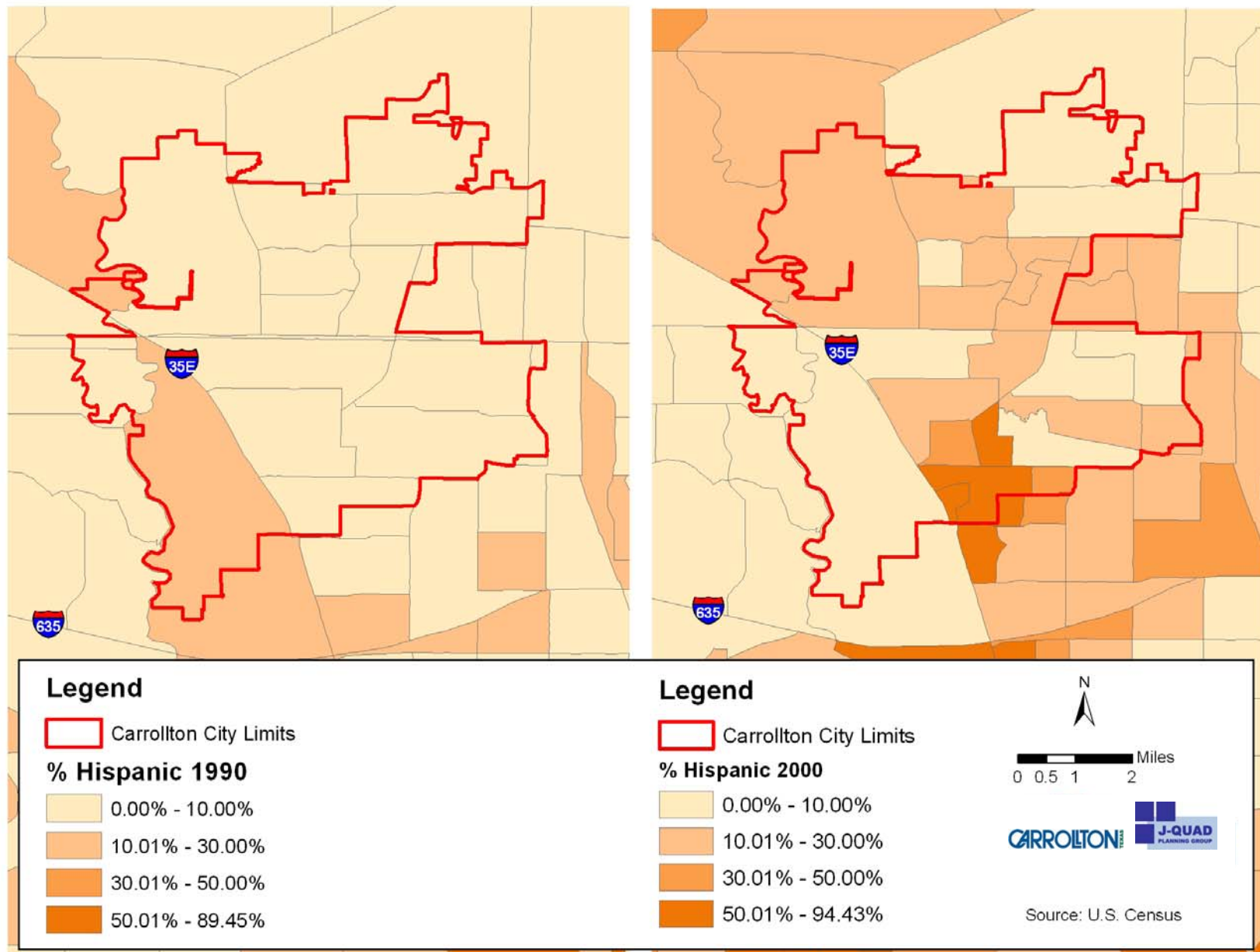
**Table 1.1**  
Total population by race for Carrollton, 1990 and 2000

<b>Race</b>	<b>1990</b>		<b>2000</b>		<b>1990-2000</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>%Change</b>
White	68,300	83.12%	78,758	71.88%	15.31%
African-American	4,014	4.89%	6,862	6.26%	70.95%
American Indian, Eskimo, or Aleut	348	0.42%	503	0.46%	44.54%
Asian or Pacific Islander	5,598	6.81%	12,019	10.97%	114.70%
Other race	3,909	4.76%	8,451	7.71%	116.19%
Total:	82,169	100.00%	109,576	100.00%	33.35%
<b>Ethnicity</b>					
Hispanic origin	8,420	10.25%	21,400	19.53%	154.16%

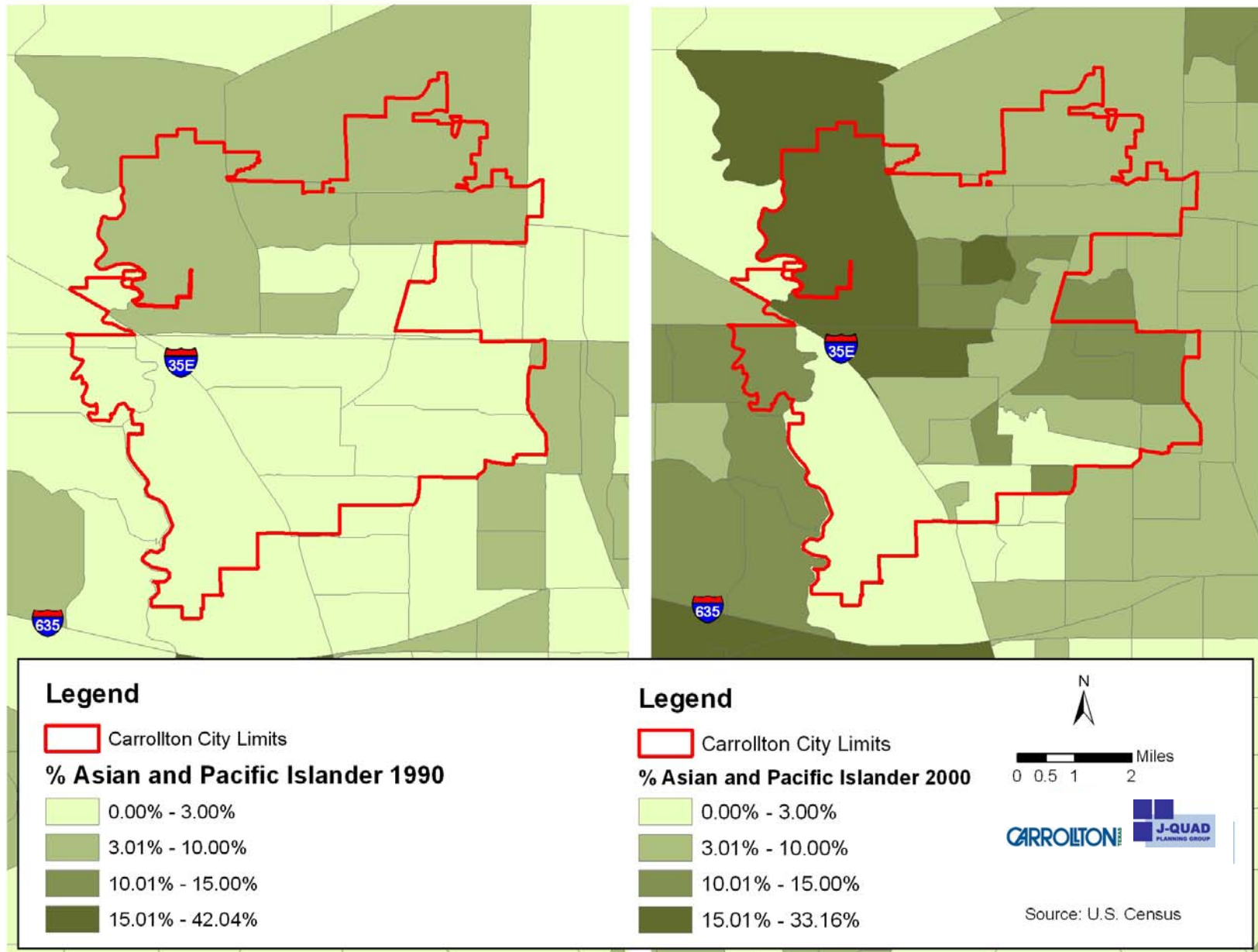
Source: US Census 1990 and 2000

The following pages include a series of Maps (1.2 - 1.5) that indicate spatial concentrations of the various racial and ethnic groups within Carrollton.

Map 1.2: Percent Hispanic 1990 and 2000

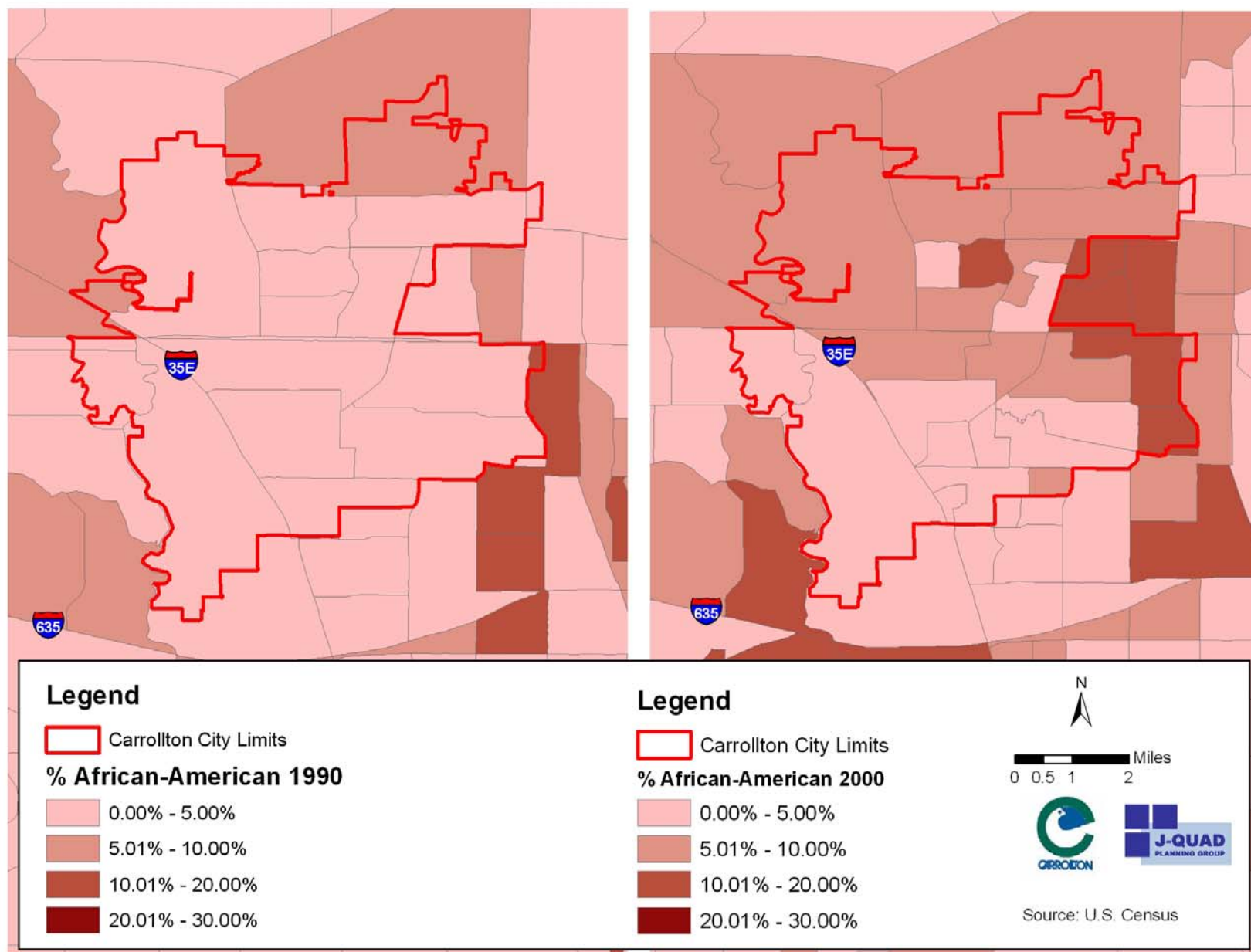


Map 1.3: Percent Asian and Pacific Islander 1990 and 2000



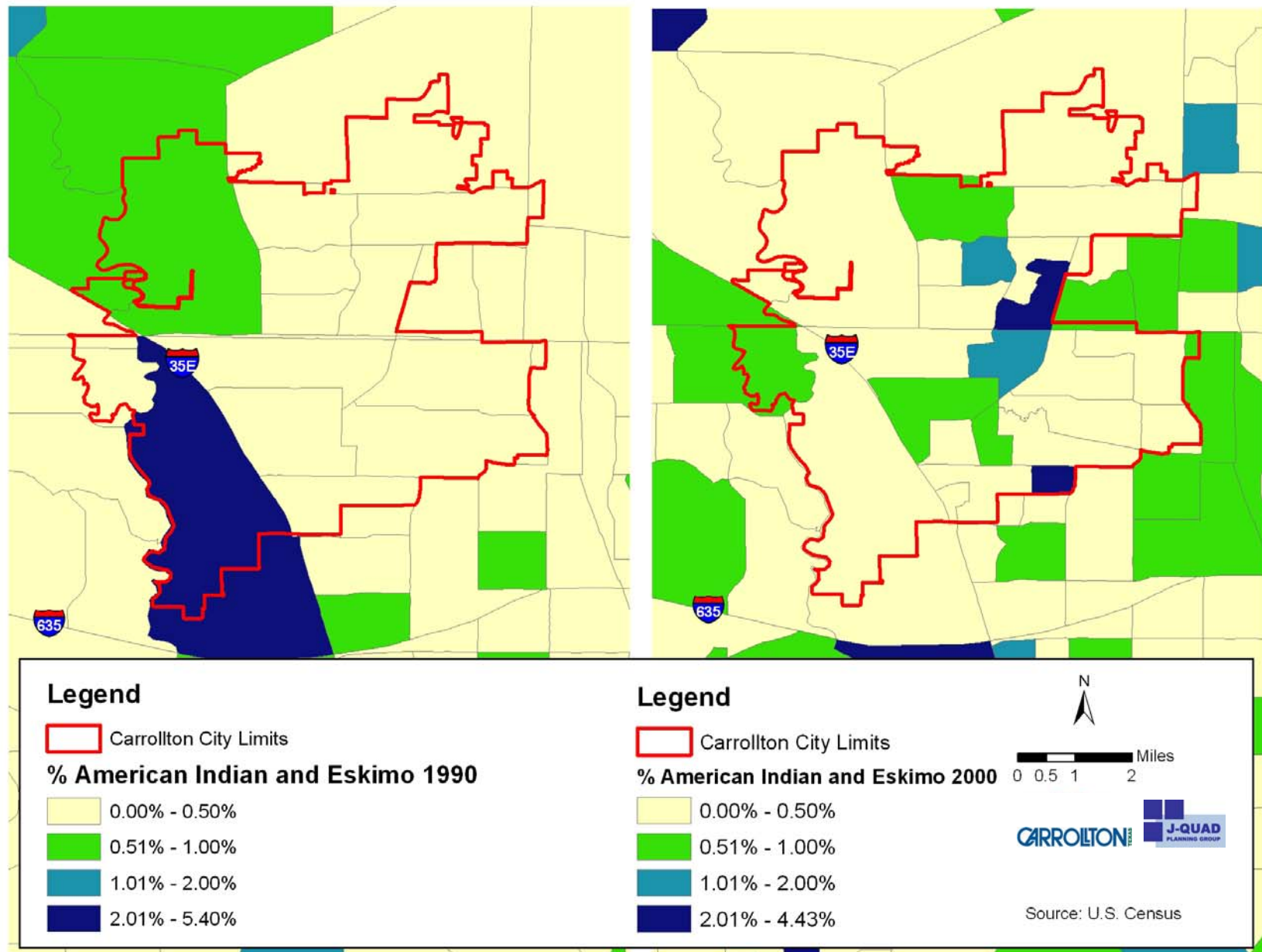


Map 1.4: Percent African-American 1990 and 2000





Map 1.5: Percent American Indian and Eskimo 1990 and 2000



In many communities, female-headed households and female-headed households with children face a high rate of housing discrimination. A large percentage of female-headed households with children under the age of 18 opens numerous opportunities for rental property owners to refuse tenants because of children. The percentage of female-headed households with children among White households was 5.4 percent, compared to 9.2 percent in Hispanic households, 3.1 percent in Asian households, and 14.8 percent in African-American households.

When considering all family types with children present in Carrollton, the data show that 35.1 percent of all White households, 59.9 percent of all Hispanic households, 58.2 percent of all Asian households, and 48.4 percent of all African-American households were in this category.

Non-family households among Whites made up 30.2 percent of all White households in Carrollton. Non-family households accounted for 14.2 percent of all Hispanic households, 9.3 percent of all Asian households, and 28.2 percent of all African-American households. Table 1.2, below, shows the family structure of White, Hispanic, Asian, and African-American households in 2000.

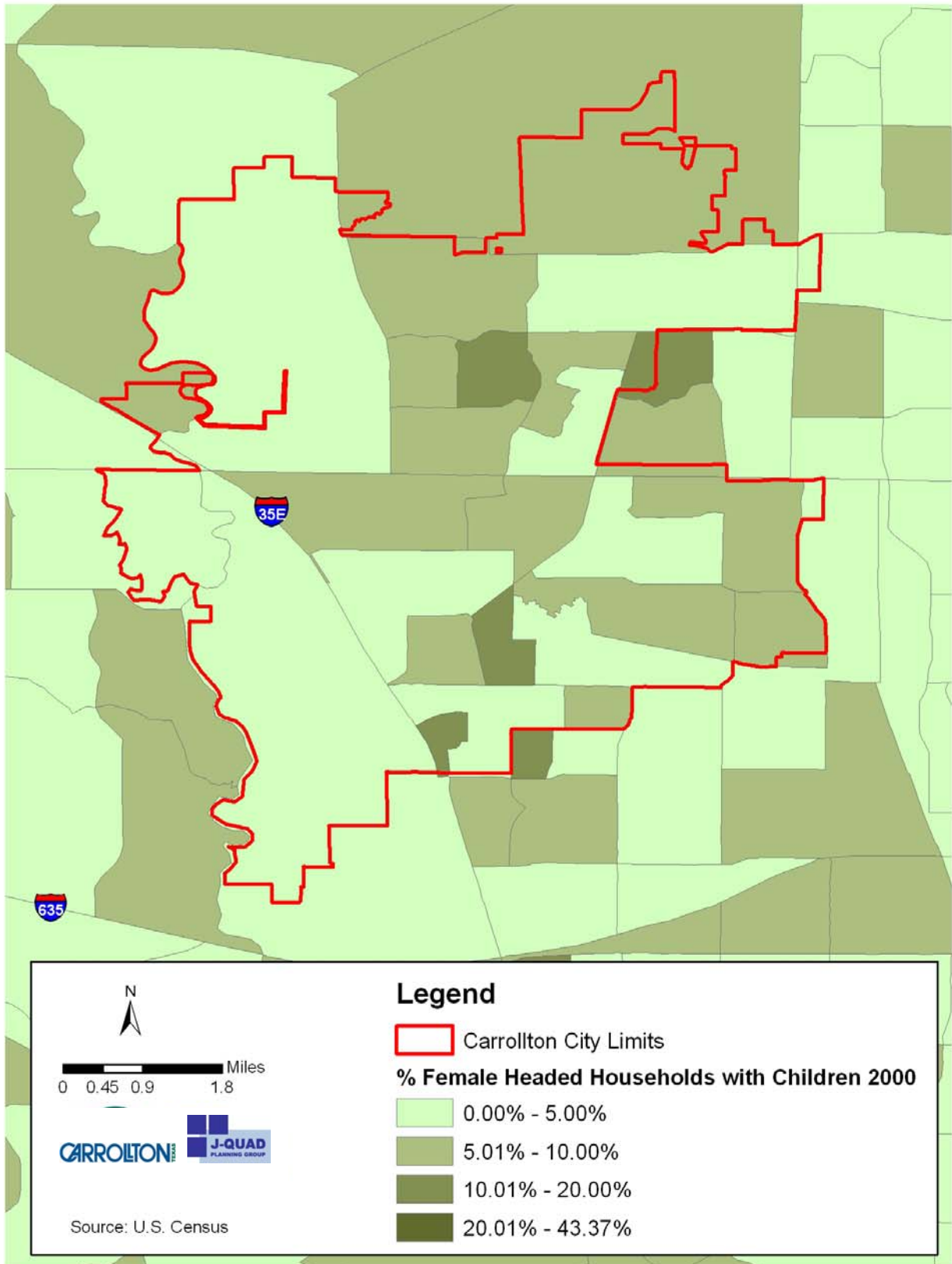
**Table 1.2**  
Household structure by race for Carrollton, 2000

Family Type	White		Hispanic		Asian		African-American	
	#	%	#	%	#	%	#	%
Married-couple family:	15,918	58.31%	3,463	64.36%	2,565	79.04%	1,181	46.87%
With own children under 18 years:	7,711	28.25%	2,558	47.54%	1,758	54.18%	773	30.67%
Male householder, no wife present:	781	2.86%	457	8.49%	168	5.18%	122	4.84%
With own children under 18 years:	399	1.46%	169	3.14%	32	0.99%	73	2.90%
Female householder, no husband present:	2,364	8.66%	697	12.95%	209	6.44%	506	20.08%
With own children under 18 years:	1,462	5.36%	494	9.18%	100	3.08%	373	14.80%
Total Family Households	19,063	69.83%	4,617	85.80%	2,942	90.66%	1,809	71.79%
Non-Family Households	8,235	30.17%	764	14.20%	303	9.34%	711	28.21%
Total Households	27,298	100.00%	5,381	100.00%	3,245	100.00%	2,520	100.00%

Source: US Census 2000

The spatial distribution of female-headed households with children is shown in Map 1.6, on the following page.

**Map 1.6: Percent Female-Headed Households with Children 2000**



## **1.2. Income**

Low-income households tend to be housed in less desirable housing stock and in less desirable areas of City. Lack of resources to pay housing expenses often prevents those households from moving to areas where local amenities raise the value of the housing. Income plays a very important part in securing and maintaining housing.

The data in Table 1.3 and Chart 1.1, on the following page, show the distribution of income across income classes among Whites, Hispanics, Asians, and African-Americans in Carrollton. Overall, the income distribution data show a higher proportion of low-income households within the Hispanic, Asian, and African-American communities. In general, limitations on fair housing choice are more commonly found to affect housing decisions among low-income persons.

Chart 1.1 shows that the modal income class (the income class with the highest number of households) for Whites was in the \$100,000 or more range, accounting for 26.7 percent of Whites in this income range. Over 11 percent of Hispanics, 17.8 percent of the Asian, and 18 percent of the African-American households reported incomes in this category. The most frequently reported income for Hispanic, Asian, and African-American households was less than \$50,000 to \$ \$74,999 range, with 24.7 percent of Hispanic households, 24.0 percent of Asian households, and 27.6 percent of African-American households earning this range.

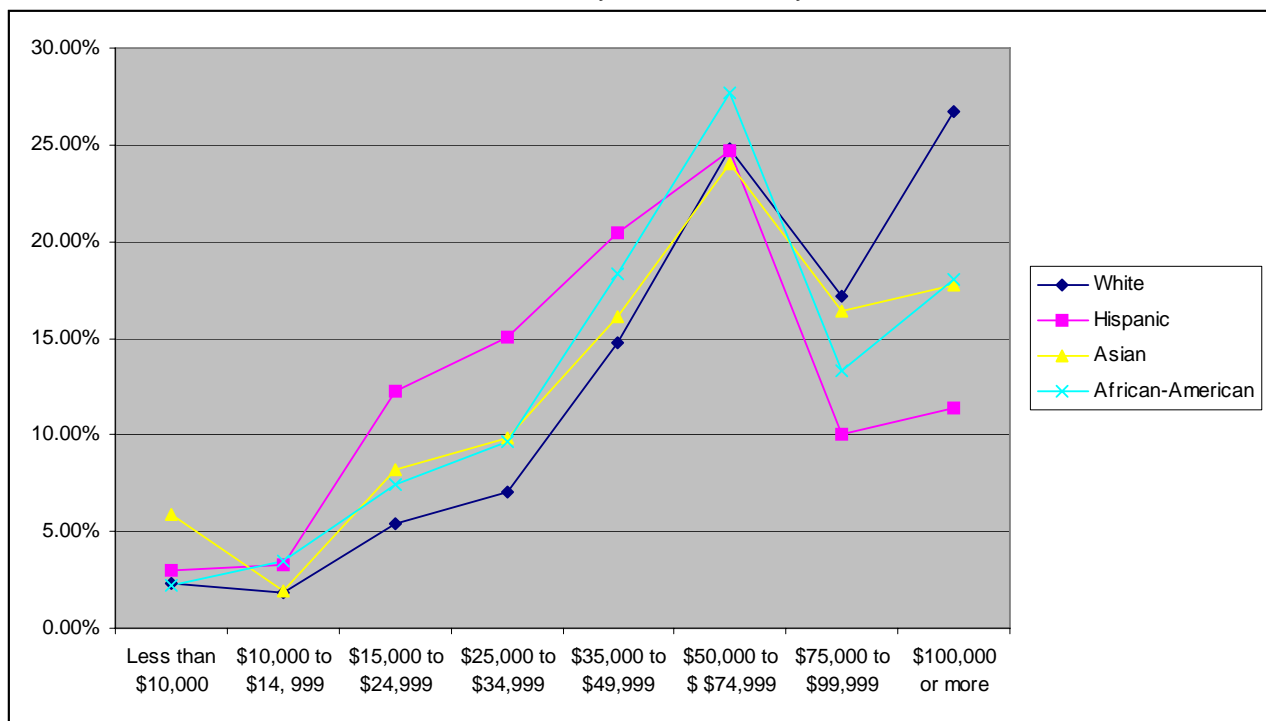
The median household income in Carrollton was reported as \$62,406 in 2000. Whereas, the median household income was reported to be \$67,555 for White households, \$46,098 for Hispanic households, \$58,136 for Asian households, and \$55,960 for African-American households. Map 1.7, on page 12, shows the median household income by census tract.

**Table 1.3**  
Households by race by income for Carrollton, 2000

Income class	White		Hispanic		Asian		African-American	
	# of Households	% of Households	# of Households	% of Households	# of Households	% of Households	# of Households	% of Households
Less than \$10,000	639	2.35%	163	2.98%	175	5.86%	57	2.17%
\$10,000 to \$14,999	492	1.81%	180	3.29%	57	1.91%	90	3.43%
\$15,000 to \$24,999	1,462	5.37%	671	12.25%	244	8.17%	195	7.43%
\$25,000 to \$34,999	1,911	7.02%	822	15.01%	293	9.82%	253	9.65%
\$35,000 to \$49,999	4,014	14.74%	1,119	20.43%	481	16.11%	482	18.38%
\$50,000 to \$74,999	6,757	24.82%	1,351	24.66%	716	23.99%	725	27.64%
\$75,000 to \$99,999	4,681	17.19%	550	10.04%	489	16.38%	348	13.27%
\$100,000 or more	7,269	26.70%	622	11.35%	530	17.76%	473	18.03%
<b>Total:</b>	<b>27,225</b>	<b>100.00%</b>	<b>5,478</b>	<b>100.00%</b>	<b>2,985</b>	<b>100.00%</b>	<b>2,623</b>	<b>100.00%</b>

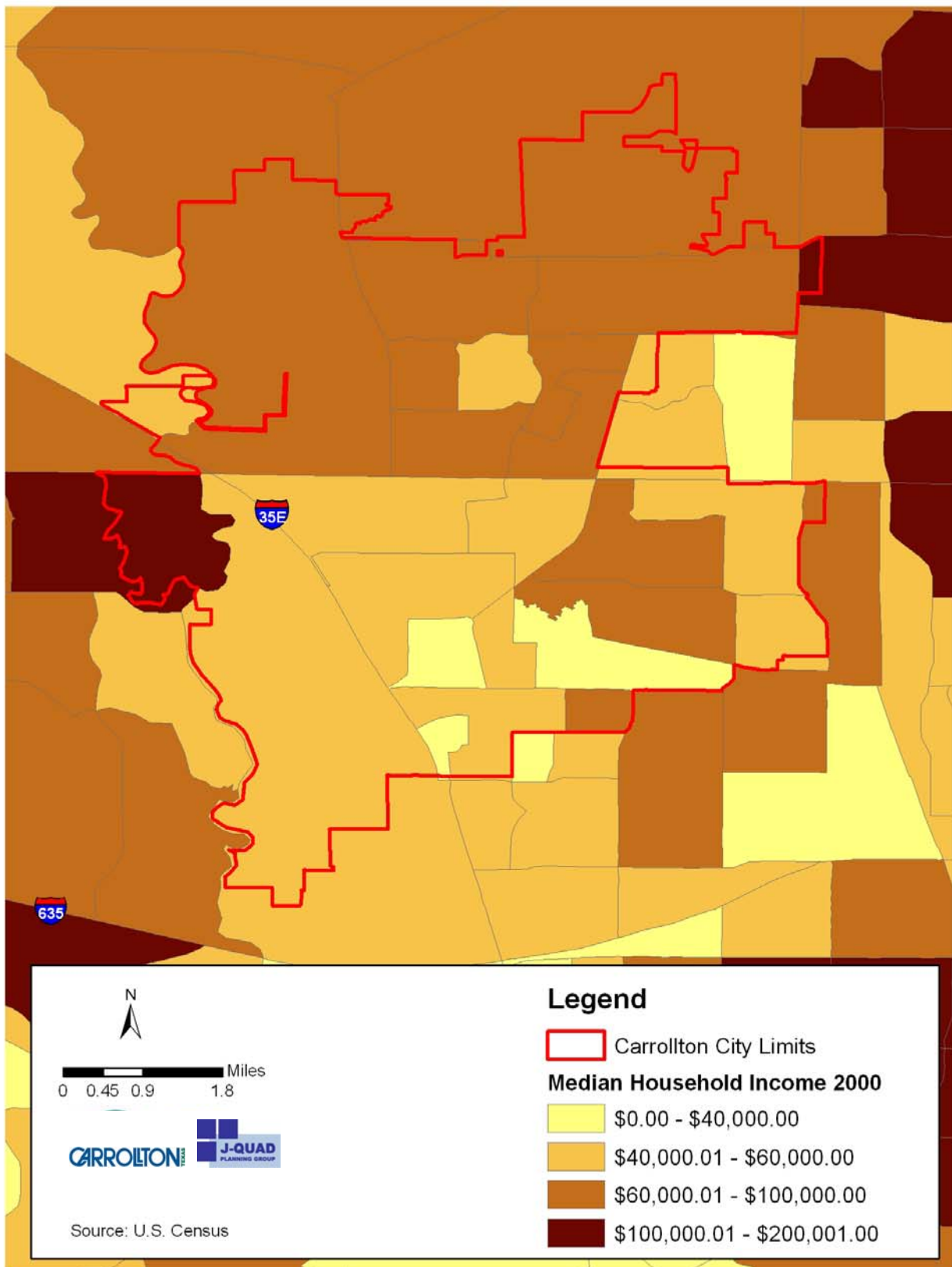
Source: US Census 2000

**Chart 1.1: Percent of Households by income class by race for Carrollton, 2000**



Source: US Census 2000

Map 1.7: Median Household Income 2000



The poverty data in Table 1.4 shows the highest incidents of poverty concentrated in the Hispanic, Asian, and African-American communities. The incidence of poverty among Hispanics was reported to be 15.5 percent compared to 7.9 percent among Asians, 5.6 percent of African-Americans and 2.9 percent of White persons as a percent of the total population in 2000.

**Table 1.4**  
Poverty Status by race Carrollton, 2000

Age Group	White		Hispanic		Asian		African-American	
	Number in Poverty	% in Poverty	Number in Poverty	% in Poverty	Number in Poverty	% in Poverty	Number in Poverty	% in Poverty
Under 5 years	160	3.86%	382	19.11%	70	8.26%	47	8.58%
5 years	27	3.09%	80	28.47%	7	2.76%	16	14.95%
6 to 11 years	118	2.13%	515	23.51%	159	15.01%	65	9.88%
12 to 17 years	135	2.59%	380	23.43%	69	7.00%	73	10.47%
18 to 64 years	1,200	2.68%	1,427	12.09%	500	7.16%	161	3.65%
65 to 74 years	108	4.15%	43	17.55%	32	8.70%	0	0.00%
75 years and over	142	10.37%	0	0.00%	0	0.00%	0	0.00%
Total	1,890	2.93%	2,827	15.53%	837	7.91%	362	5.56%

Source: US Census 2000

### 1.3. Employment

Employment opportunities in the area and educational levels of the employees make a significant impact on housing affordability and the location choice of residents. Table 1.5, on page 14, provides a look at occupation data, which indicate that there has been some shift in the distribution of occupations between 1990 and 2000. Arts, entertainment, recreation, accommodation, and food services had the largest increase, at 5.6 percentage points to 6.9 percent. Educational, health, and social services had an increase, up 3.7 percentage points to 13.7 percent. Manufacturing sector realized the largest reduction to 12.8 percent of the workforce, a decrease of 6.0 percentage points. There was also a reduction in retail trade sector of 2.8 percentage points, to 13.1 percent of the total workforce.

**Table 1.5**  
Occupation of employed persons for Carrollton, 1990 & 2000

	1990	2000	Percent Point Change
Agriculture, forestry, fishing and hunting, and mining	2.40%	0.53%	-1.87%
Construction	3.93%	4.97%	1.05%
Manufacturing	18.78%	12.83%	-5.95%
Wholesale trade	8.56%	5.88%	-2.69%
Retail trade	15.94%	13.11%	-2.83%
Transportation, information, warehousing, and utilities	7.72%	11.19%	3.46%
Finance, insurance, real estate and rental and leasing	10.78%	9.57%	-1.20%
Professional, scientific, management, administrative services	11.28%	14.20%	2.92%
Educational, health and social services:	9.99%	13.72%	3.73%
Arts, entertainment, recreation, accommodation and food services	1.33%	6.88%	5.55%
Other services (except public administration)	7.17%	5.27%	-1.91%
Public administration	2.12%	1.86%	-0.26%

Source: US Census 1990 & 2000

The data presented in Table 1.6, provide a portrait of the distribution of the unemployed population. A closer look at the distribution of this total indicates that much of the unemployment is centered in the Hispanic, Asian, and the African-American communities. In the 2000 Census, 2.5 percent of White persons age 16 and over reported being unemployed. Hispanic persons in the same age group reported a 4.1 percent unemployment rate, Asian reported a 3.8 percent rate, and African-Americans had a 4.1 percent rate. The US Census shows that the unemployment rate was 3.0 percent for the overall City in 2000. According to the Bureau of Labor Statistics and Real Estate Center at Texas A&M University, the unemployment rate for the City of Carrollton was 3.8 percent in 2007. Map 1.8 shows the distribution of unemployed population in Carrollton.

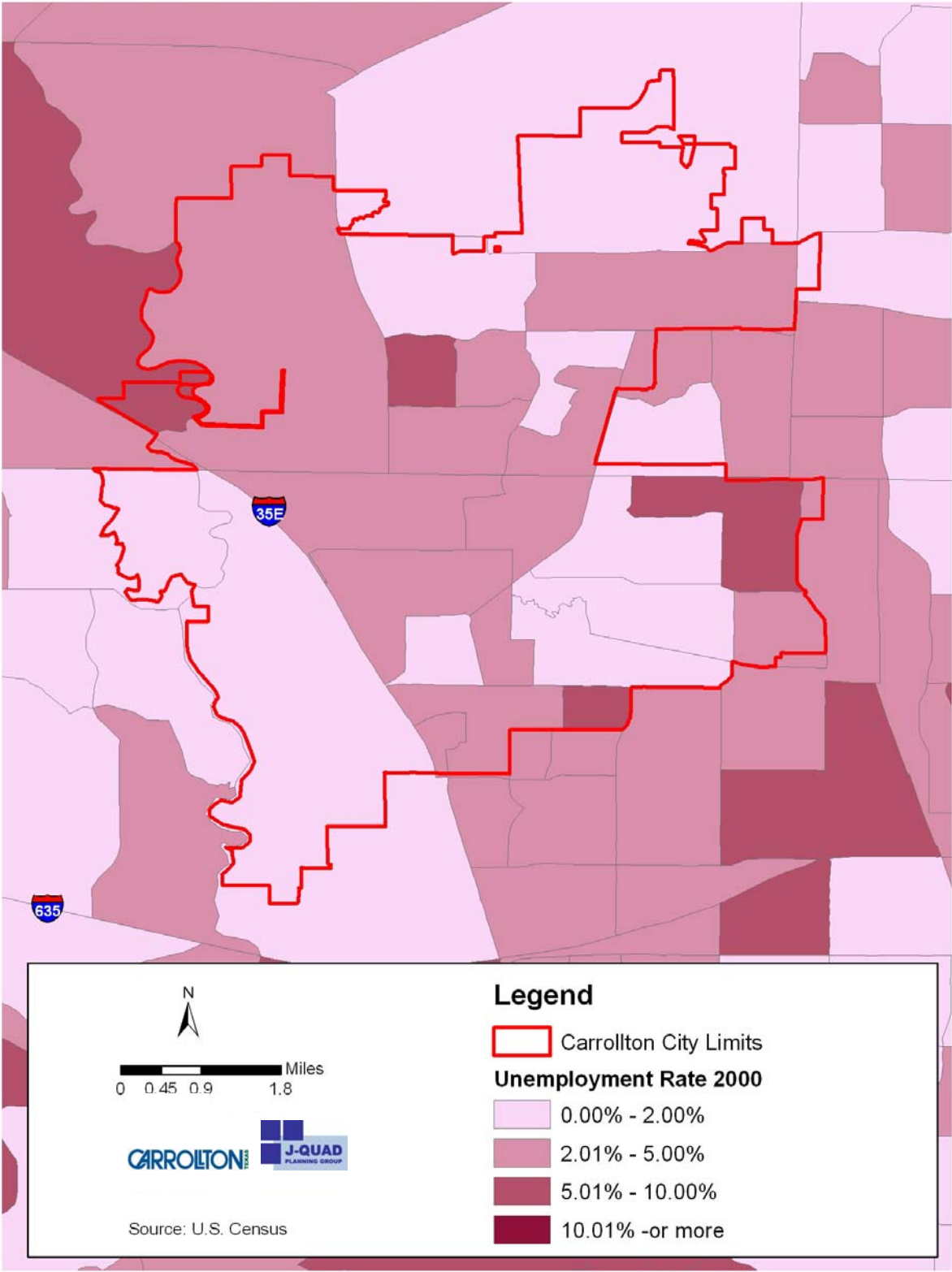
**Table 1.6**  
Employment Status by race for Carrollton, 2000

Employment Status	White		Hispanic		Asian		African-American	
	#	%	#	%	#	%	#	%
In labor force:	41,647		10,397		5,693		4,195	
In Armed Forces	0	0.00%	13	0.13%	7	0.12%	0	0.00%
Civilian:	41,647	100.00%	10,384	99.87%	5,686	99.88%	4,195	100.00%
Employed	40,593	97.47%	9,954	95.74%	5,472	96.12%	4,022	95.88%
Unemployed	1,054	2.53%	430	4.14%	214	3.76%	173	4.12%
Not in labor force	10,644		3,933		2,671		641	
Total:	52,291		14,330		8,364		4,836	

Source: US Census 2000



Map 1.8: Unemployment Rate 2000



According to the City of Carrollton, the employers with 1,000 or more employees in the City include Carrollton/Farmers Branch Independent School District, Halliburton Energy Services, and ST Microelectronics Semiconductors. The employers with 500 to 1,000 employees include ACCOR North America, City of Carrollton Municipal Government, General Aluminum Corporation, Hilton Reservations Worldwide, McKesson Corporation, RealPage, RIA Computer Software, Trinity Medical Center, and Western Extrusions Corporation.

In Carrollton, the difference in the unemployment rate between the three races compared to those persons of Hispanic ethnicity can, to some extent, be attributed to limitations due to educational attainment. According to the 2000 Census, 47.8 percent of Hispanics age 25 and above reported less than a high school education compared to 21.8 percent of Asians, 6.5 percent for African-Americans, and 5.1 percent for Whites in the same age group. The disparity in the educational levels between Whites and minorities explain the differences in income and employment.

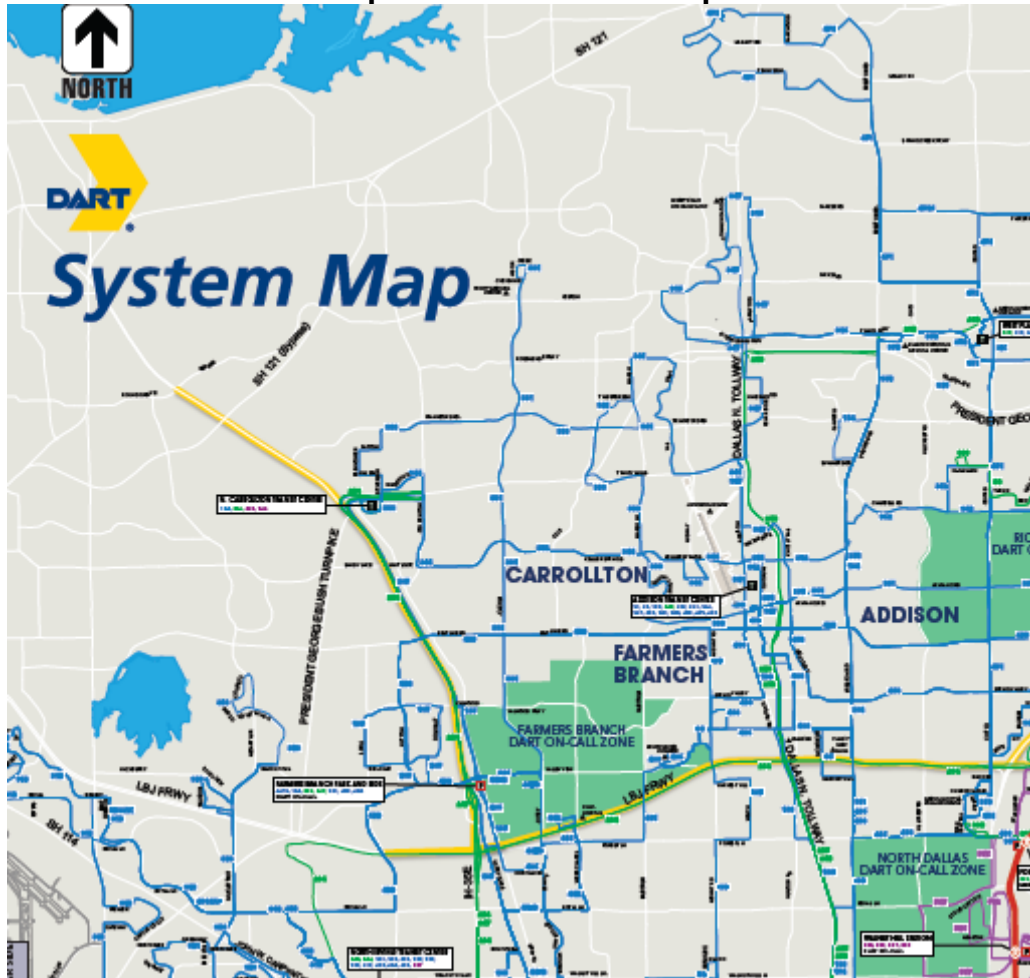
The availability of jobs to low-income persons is largely dependent on the geographic location of the jobs. If jobs are concentrated in largely upper income areas, far removed from lower income persons, their ability to get to and from work may be difficult, sometimes causing hardships on employees or potential employees.

#### **1.4. Public Transportation**

Dallas Area Rapid Transit (DART) currently provides bus service in Carrollton. DART is a regional transportation system that provides rail, bus, para-transit, HOV lane and rideshare services to 13 member cities. The member cities are: Addison, Carrollton, Cockrell Hill, Dallas, Farmers Branch, Garland, Glenn Heights, Highland Park, Irving, Plano, Richardson, Rowlett, and University Park. DART bus service connects to extensive network of DART Rail, Trinity Railway Express (TRE) and various landmarks and destinations in Dallas Fort Worth Metroplex.

All DART buses and trains meet ADA requirements, offering wheelchair lifts and other features to accommodate riders with disabilities. DART Para-transit Services provides curb-to-curb public transportation for people with disabilities who are unable to use DART bus or rail services. Para-transit services are available in all member cities. The new DART Green Line Light Rail Transit Project is anticipated to begin service to Carrollton in late 2009. Map 1.9 provides DART bus routes in Carrollton.

Map 1.9: DART Route Map



Source: <http://www.dart.org/maps/systemmap.asp>

## 1.5. Housing

According to the housing estimates provided by the NCTCOG, Carrollton reported 44,637 housing units in 2007. As presented in Table 1.7, there were 32,992 housing units in Carrollton in 1990 and 39,136 units in 2000. The total number of housing units in the City increased by 14.1 percent between 2000 and 2007. Of the

total number of housing units in 2000, 65.59 percent were owner-occupied, 34.25 percent were renter-occupied, and the remaining 3.37 percent were vacant. The vacancy rate in the city decreased by 4.3 percentage points between 1990 and 2000. The homeownership rate increased from 56 percent in 1990 to 65.6 percent in 2000, a nine percentage point increase. According to the American Community Survey data, the median home value for the single-family houses in the City was \$159,100 and the median contract rent was \$689 in 2006.

Table 1.8, shows that of all housing units, 65.4 percent were categorized as single-family detached, 4.3 percent as single-family attached, 4.8 percent contained two to four units, 23.8 percent as multifamily, and 1.7 percent as mobile home or other. According to the housing estimates provided by the NCTCOG, Carrollton reported 30,701 or 68.8 percent single-family units, 13,594 or 30.5 percent multifamily units, and 342 or 0.8 percent other types of housing units in 2007.

**Table 1.7**

Tenure for housing in Carrollton, 1990 and 2000

Housing Units	1990		2000	
	#	%	#	%
Owner-occupied	18,474	56.00%	25,710	65.59%
Renter-occupied	11,978	36.31%	13,426	34.25%
Vacant	2,540	7.70%	1,322	3.37%
Total:	32,992	100.00%	39,136	99.85%

Source: US Census 1990 and 2000

**Table 1.8**

Housing type for Carrollton, 2000

Units in Structure	Number*	Percent
Single-Family detached	26,487	65.35%
Single-Family attached	1,758	4.34%
2-4 units	1,962	4.84%
Multifamily	9,653	23.82%
Mobile home or Other	673	1.66%
Total	40,533	100.00%

Source: US Census 2000 (\*Sample Data)

Table 1.9 shows the age of the housing units as reported by the 2000 census. Approximately one percent of all housing units were built prior to 1950, 2.8 percent were built between 1950 and 1959, 7.0 percent were built between 1960 and 1969, 24.7 percent were built between 1970 and 1979, and 64.5 percent were built after 1979. About 11 percent of the housing stock is

more than 30 years old, built prior to 1978. These units may contain lead-based paint and are more likely to be in need of repairs and maintenance.

As shown in Table 1.10, homeownership rate among Whites was 71.4 percent, compared to 45.7 percent among Hispanics, 66.1 percent among Asians, and 44.7 percent among African-Americans.

**Table 1.9**  
Age of Housing Stock in Carrollton, 2000

Year Built	Number	Percent
Pre 1939	153	0.38%
1940 to 1949	245	0.60%
1950 to 1959	1,148	2.83%
1960 to 1969	2,831	6.98%
1970 to 1979	10,015	24.71%
1980 to 1989	16,348	40.33%
1990 to 1994	4,411	10.88%
1995 to 1998	4,110	10.14%
1999 to March 2000	1,272	3.15%
Total:	40,533	100.00%

Source: US Census 2000 (\*Sample Data)

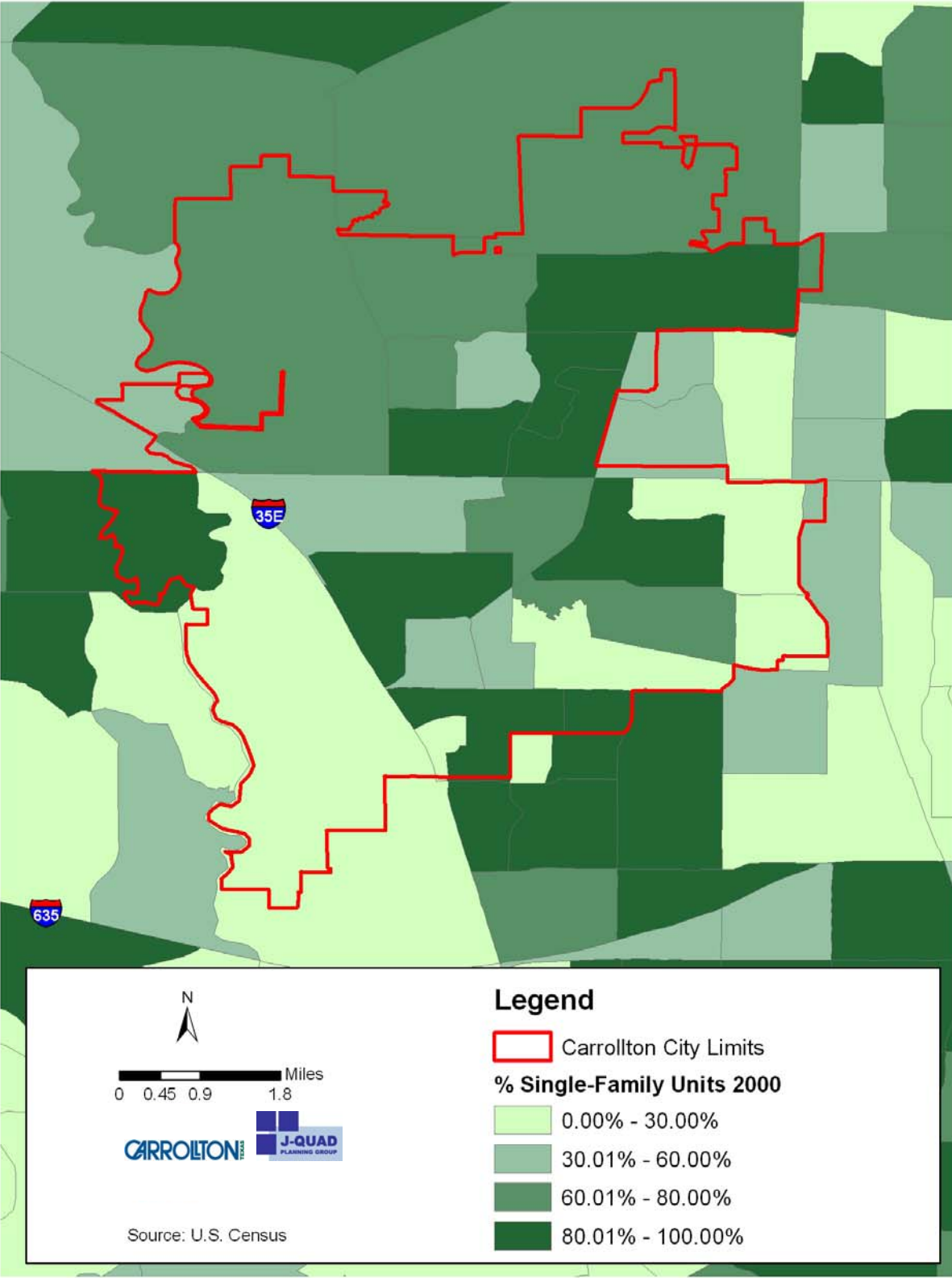
**Table 1.10**  
Tenure by Race in Carrollton, 2000

Tenure by Race	Owner-occupied		Renter-occupied	
	#	%	#	%
White	19,502	71.4%	7,799	28.6%
Hispanic	2,432	45.7%	2,885	54.3%
Asian	2,045	66.1%	1,050	33.9%
African-American	1,161	44.7%	1,436	55.3%

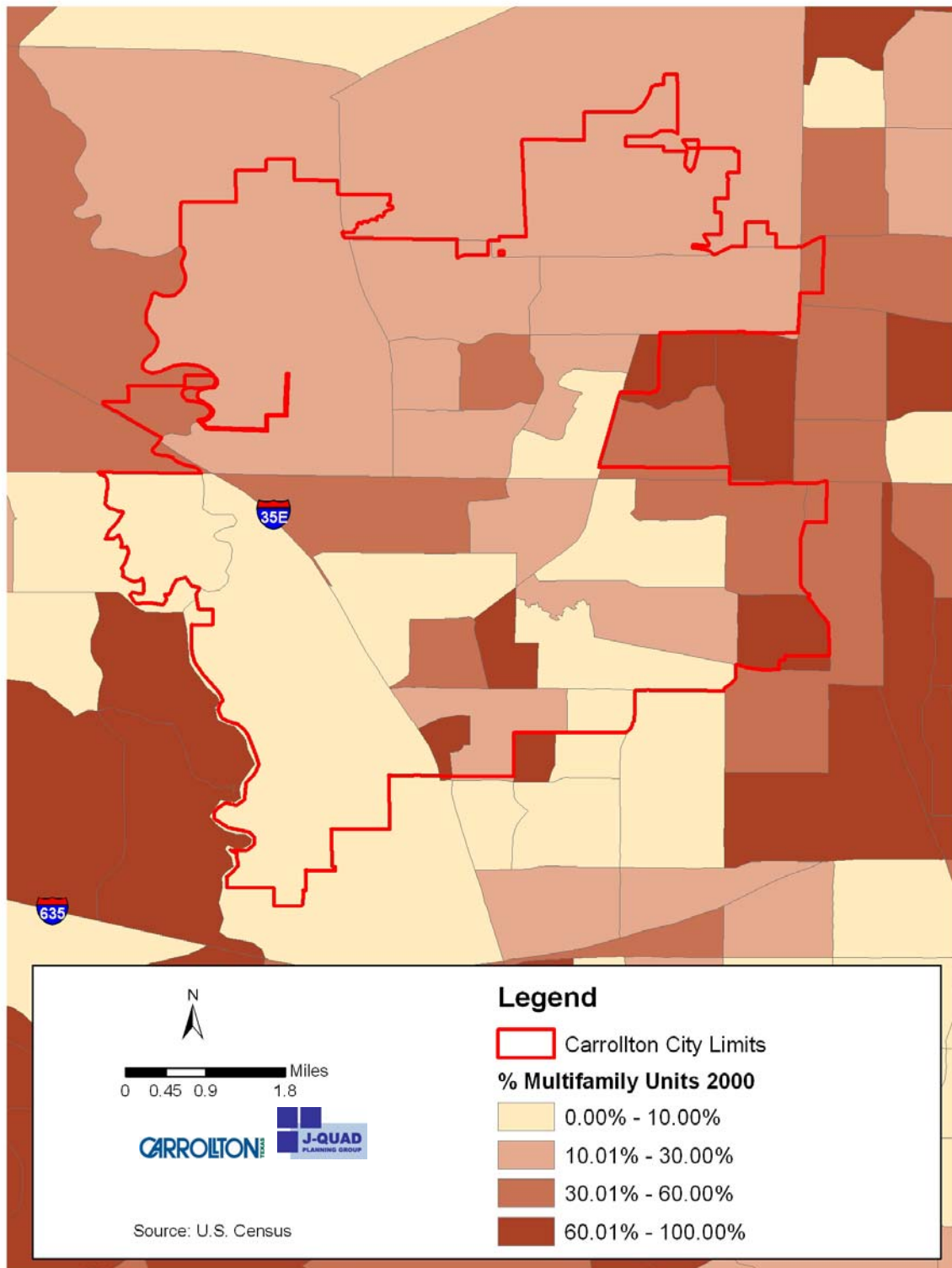
Source: US Census 2000 (\*Sample Data)

Maps 1.10 on page 21 and Map 1.11, on page 22, indicate the distribution of single-family and multifamily housing across the City. Map 1.12, on page 23, provides a geographic representation of the distribution of the oldest housing stock in the City. Maps 1.13 and 1.14, on pages 24 and 25, provide a geographic depiction of the distribution of rents and housing values across the City of Carrollton.

Map 1.10: Percent Single-Family Housing Units 2000

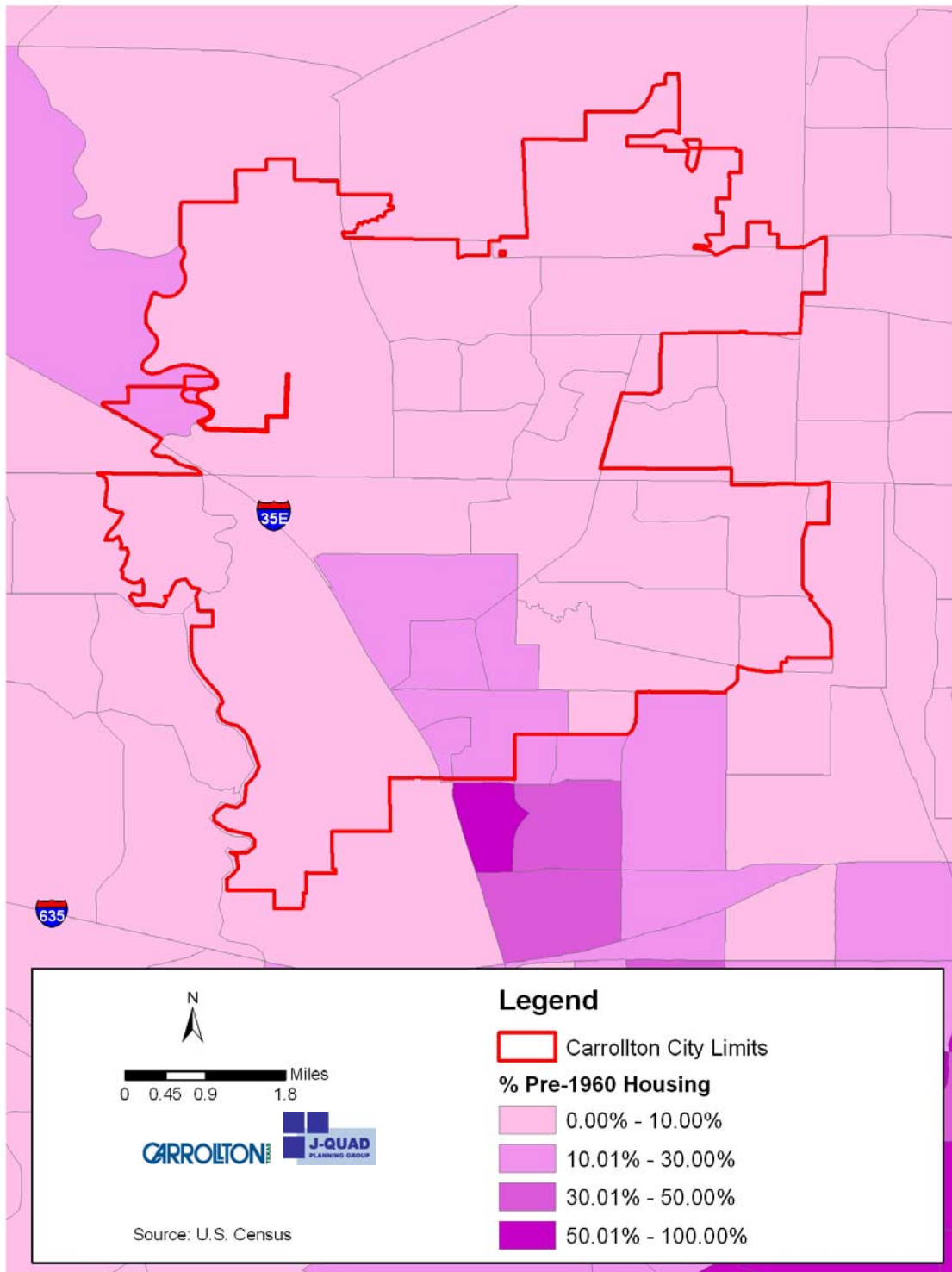


**Map 1.11: Percent Multifamily Housing Units 2000**

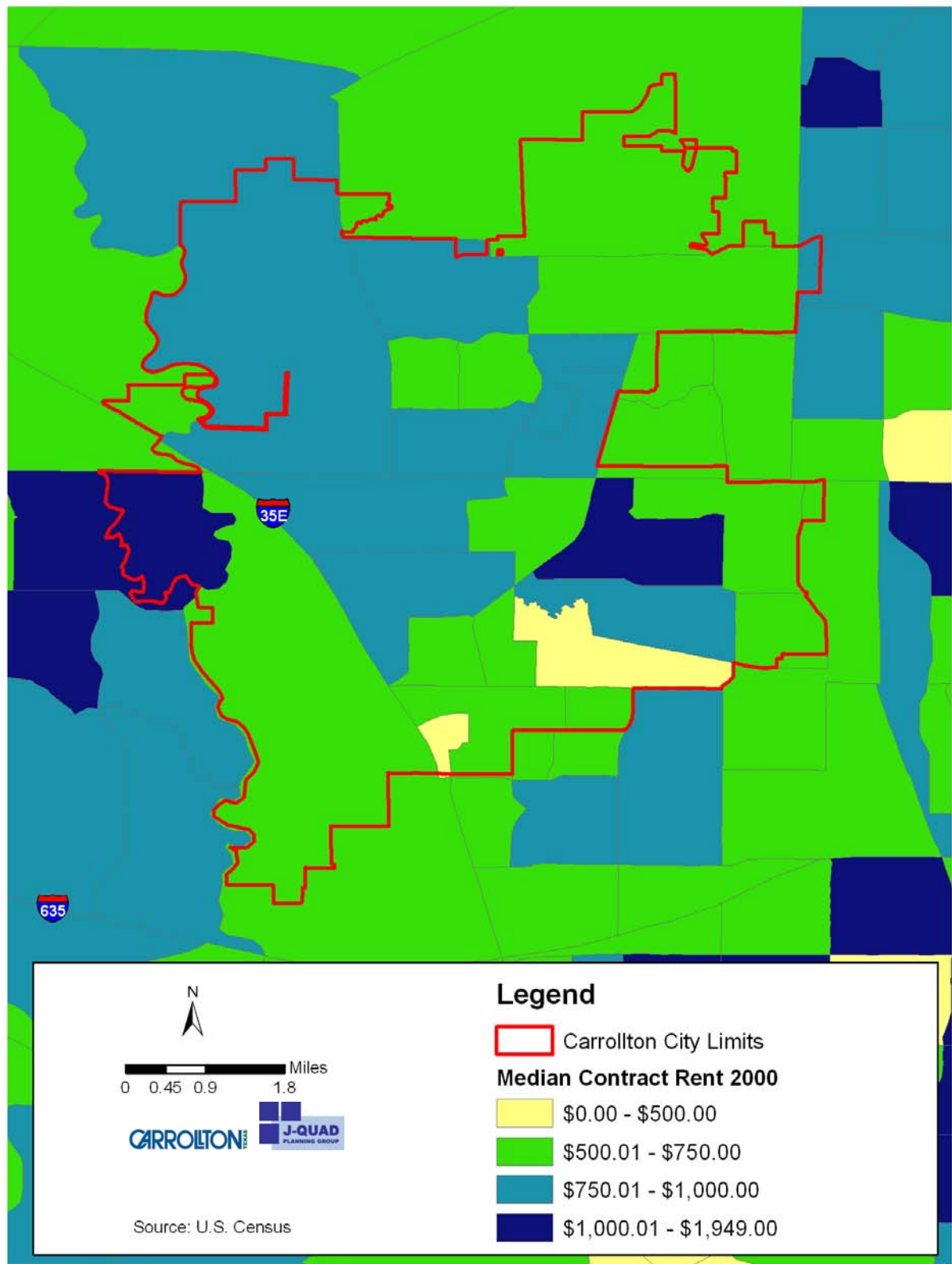




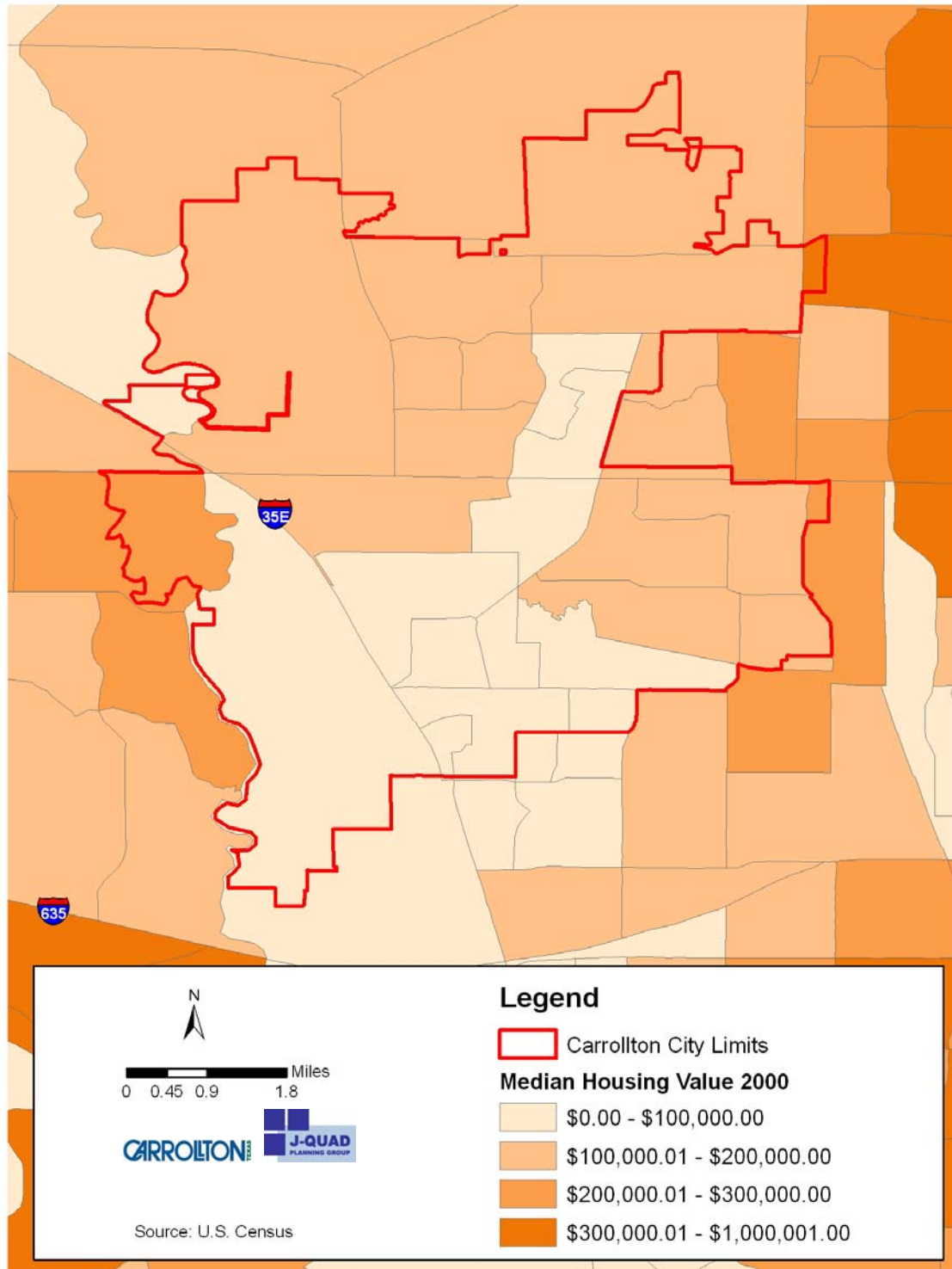
**Map 1.12: Percent Pre 1960 Housing Stock**



**Map 1.13: Median Contract Rent 2000**



**Map 1.14: Median Housing Value 2000**



Data contained in the Comprehensive Housing Affordability Strategy (CHAS) Table for the year 2000, duplicated in Table 1.10 indicates that the impact of housing costs on household incomes is very severe on low- and very low-income households. The table shows that 81.4 percent of all very low-income renters (those earning between 0 percent and 30 percent of the median family income) and 80.1 percent of very low-income homeowner households paid more than 30 percent of their income on housing expenses. Furthermore, 72.5 percent of very low-income renters and 73.9 percent of very low-income homeowners paid more than 50 percent of their incomes on housing expenses in 2000.

Looking at the “Other Low-Income” households (those earning between 31 percent and 50 percent of the median family income), 79.4 percent of low-income renters and 69.1 percent of low-income homeowners paid more than 30 percent on housing expenses in 2000. Also, 21.7 percent of renters and 42.0 percent of homeowners paid more than 50 percent on housing expenses.

In 2000, the moderate-income category comprises of those earning between 51 percent and 80 percent of the median family income, shows 39.9 percent of renters and 62.7 percent of homeowners had rent burdens in excess of 30 percent, and 4.9 percent of renters and 19.0 percent of homeowners paid more than 50 percent on housing expenses. These cost burdens impact fair housing choices and represent significant impediments in that they impact persons at every income category.

**Table 1.11**  
Cost Burden by income and tenure, 2000

Very Low-Income (Household income <=30% MFI)		
Renters	% Cost Burden > 30%	% Cost Burden > 50%
Elderly	68.6	57
Small Related	86.6	74.4
Large Related	87.6	74.7
Other	76	76
<b>Total Renters</b>	<b>81.4</b>	<b>72.5</b>
<b>Owners</b>		
Elderly	71.8	58.2
Small Related	96	94.4
Large Related	89.5	89.5
Other	61.4	54.9
<b>Total Owners</b>	<b>80.1</b>	<b>73.9</b>
<b>Total Households</b>	<b>80.9</b>	<b>72.9</b>

Other Low-Income (Household income >30 to <=50% MFI)		
Renters	% Cost Burden > 30%	% Cost Burden > 50%
Elderly	91.1	57
Small Related	82.9	18.6
Large Related	54.2	0
Other	89.8	30.5
<b>Total Renters</b>	<b>79.4</b>	<b>21.7</b>
<b>Owners</b>		
Elderly	39.3	16.3
Small Related	78.6	56.1
Large Related	72.6	36.5
Other	87.6	55.6
<b>Total Owners</b>	<b>69.1</b>	<b>42</b>
<b>Total Households</b>	<b>75.1</b>	<b>30.2</b>

Moderate Income (Household income >50% to <=80% MFI)		
Renters	% Cost Burden > 30%	% Cost Burden > 50%
Elderly	57.5	12.4
Small Related	35	5.3
Large Related	14.3	0
Other	54.5	5
<b>Total Renters</b>	<b>39.9</b>	<b>4.9</b>
<b>Owners</b>		
Elderly	44.1	16.2
Small Related	77.3	23.4
Large Related	51.8	4.8
Other	69.7	29.2
<b>Total Owners</b>	<b>62.7</b>	<b>19</b>
<b>Total Households</b>	<b>48.9</b>	<b>10.4</b>

Source: HUD Comprehensive Housing Affordability Strategy (CHAS) Tables, 2000

## Section 2: Fair Housing Law, Municipal Policies and Complaint Analysis

---

### Introduction

Impediments to fair housing choice may be acts that violate a law or acts or conditions that do not violate a law, but preclude people with varying incomes from having equal access to decent, safe, and affordable housing. Fair housing choice is defined, generally, as the ability of people with similar incomes to have similar access to housing.

The first part of this section will address the existing statutory and case law that work to remove impediments and promote fair housing choice. The federal fair housing law can be effective in mitigating barriers to fair housing choice, depending upon enforcement efforts. Related laws and case law that provide further interpretation, understanding, and support to the Fair Housing Act will also be discussed.

The Texas Fair Housing Act was reviewed and compared to the federal fair housing law to determine whether it offered similar rights, remedies, and enforcement to the federal law and might be construed as substantially equivalent. Pertinent related laws, such as the Community Reinvestment Act and Home Mortgage Disclosure Act, were reviewed and will be mentioned with respect to how they can facilitate fair lending. Various case decisions pertaining to fair housing issues were reviewed and are incorporated in the discussion below. During the Law Analysis for Carrollton, it was found that the municipality does not currently have a local fair housing ordinance. This is further discussed in part four.

The second part of this section discusses the level of fair housing enforcement activity in the municipality. All investigations of fair housing complaints are conducted through the HUD Regional Office in Fort Worth.

A more difficult, but intertwined, aspect of fair housing choice is the availability of affordable housing. Adequate, decent, safe, and affordable housing for people of all incomes should be available when there is fair housing choice within a community. Minimizing housing costs for very low- and low-income households usually requires some form of subsidy that is, oftentimes, generated utilizing public funds, that is, federal, state, and/or local government dollars. The City operates various housing programs to improve the affordability and quality of housing stock.

Numerous documents were collected and analyzed to complete this section. The key documents are the City's Zoning Ordinances, Consolidated Plan, current and previous Annual Action Plans, and Consolidated Annual Performance Evaluation Reports (CAPER), and documentation on various housing programs and projects. City staff also provided information on its various efforts to develop affordable housing programs, acquire additional funds and their plans for future affordable housing efforts. Regulatory and public policies are reviewed in the fourth part.

An analysis of fair housing complaints is covered in the fifth part. It contains conclusions about fair housing barriers based on the existing law, enforcement efforts, complaint analysis, and the availability of affordable housing.

## 2.1. Fair Housing Law

The Federal Fair Housing Act (the Act) was enacted in 1968, and amended in 1974 and 1988 to add protected classes, provide additional remedies, and strengthen enforcement. The Act, as amended, makes it unlawful for a person to discriminate on the basis of race, color, sex, religion, national origin, handicap, or familial status. Generally, the Act prohibits discrimination based on one of the previously mentioned protected classes in all residential housing, residential sales, advertising, and residential lending and insurance. Prohibited activities under the Act, as well as examples, are listed below.

It is illegal to do the following based on a person's membership in a protected class:

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



- ✓ Assigning persons to a specific floor or section of a building, development, or neighborhood, or
  - ✓ Evicting minorities, but not whites, for late payments or poor credit;
- Make, print, publish, or post (direct or implied) statements or advertisements that indicate that housing is not available to members of a protected class;
- Persuade or attempt to persuade people, for profit, to rent or sell their housing due to minority groups moving into the neighborhood by:
  - ✓ Real estate agents mailing notices to homeowners in changing area with a listing of the homes recently sold along with a picture of a Black real estate agent as the successful seller, or
  - ✓ Mailed or telephonic notices that the "neighborhood is changing" and now is a good time to sell, or noting the effect of the changing demographics on property values;
- Deny or make different loan terms for residential loans due to membership in a protected class by:
  - ✓ Using different procedures or criteria to evaluate credit worthiness,
  - ✓ Purchasing or pooling loans so that loans in minority areas are excluded,
  - ✓ Implementing a policy that has the effect of excluding a minority area, or
  - ✓ Applying different procedures (negative impact) for foreclosures on protected class members;
- Deny persons the use of real estate services;
- Intimidate, coerce or interfere; or
- Retaliation against a person for filing a fair housing complaint.

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

In addition to prohibiting certain discriminatory acts, the Act places no limit on the amount of recovery and imposes substantial fines. The fine for the first offense can be up to \$10,000; the second offense, up to \$25,000; and the third offense, up to \$50,000.

The prohibition in the Fair Housing Act against advertising that indicates any "preference, limitation or discrimination" has been interpreted to apply not just to the wording of advertising but to the images and human models shown. Ad campaigns may not include only or mostly models of a particular race, gender, or family type.

As a test to determine if advertising for the local housing market may be an impediment to fair housing, a review of local advertisements in real estate publications from May and June 2008 was conducted. These types of advertisements cover an area larger than just the City of Carrollton, and the time-period is insufficient to conclusively establish a pattern of discrimination. The data does however provide an accurate snapshot of the advertising available, and a general overview of the state of compliance with fair housing law. The advertising, especially those with images of prospective or current residents was reviewed, with a sensitivity toward:

- Advertising with all or predominately models of a single race, gender, or ethnic group;
- Families or children in ad campaigns depicting images of prospective residents;
- Particular racial groups in service roles (maid, doorman, servant, etc.);
- Particular racial groups in the background or obscured locations;
- Any symbol or photo with strong racial, religious, or ethnic associations;
- Advertising campaigns depicting predominately one racial group;
- Campaigns run over a period of time, including a number of different ads, none or few of which include models of other races;
- Ads failing to contain Equal Housing Opportunity (EHO) statements or logos, or contains the statement or logo, but it is not readily visible; and
- Ad campaigns involving group shots or drawings depicting many people, all or almost all of whom are from one racial group.

Only six out of 30 advertisements had photographs of representative clients who were minorities. More than half of the advertisers do not advertise with the equal housing opportunity logo or slogan. Including this logo is a means of educating the home seeking public that the property is available to all persons. A failure to display the symbol or slogan may become evidence of discrimination if a complaint is filed.

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

The U. S. Department of Housing and Urban Development (HUD) provides funding to state and local governmental agencies to enforce local fair housing laws that are substantially equivalent to the Fair Housing Act. Once a state and/or city have a substantially equivalent fair housing law, they can apply to become certified as a Fair Housing Assistance Program (FHAP) Agency and receive funds for investigating and conciliating fair housing complaints or a Fair Housing Initiatives Program (FHIP) Agency and receive funds for education, promoting fair housing, and investigating allegations. It should be noted that a city must be located in a state with a fair housing law that has been determined by HUD to be substantially equivalent. Then, the city must also adopt a law that HUD concludes is substantially equivalent in order to participate in the FHAP Program. The local law must contain the seven protected classes - race, color, national origin, sex, religion, handicap, and familial status - and must have substantially equivalent violations, remedies, investigative processes, and enforcement powers.

In addition, the process for investigating and conciliating complaints must mirror HUD's. HUD's process begins when an aggrieved person files a complaint within one year of the date of the alleged discriminatory housing or lending practice. The complaint must be submitted to HUD in writing. However, this process can be initiated by a phone call. HUD will complete a complaint form, also known as a 903, and mail it to the complainant to sign. The complaint must contain the name and address of the complainant and respondent, address and description of the housing involved, and a concise statement of the facts, including the date of the occurrence, and the complainant's affirmed signature. Upon filing, HUD is obligated to investigate, attempt

conciliation, and resolve the case within 100 days. Resolution can be a dismissal, withdrawal, settlement or conciliation, or a determination as to cause.

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

### **Court Decisions**

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

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

A 1999 joint statement from the Department of Justice and HUD details changing attitudes concerning group homes for disabled and mentally ill persons situated in residential neighborhoods. The statement indicates that group homes should be treated no different than non-related individuals sharing a home. If a jurisdiction has zoning rules limiting the number of non-related individuals living in a home in a residential area, similar limits may be imposed on group homes for the disabled or mentally ill. If no such zoning rules exists limiting non-related individuals, none may be set for group homes. This statement does not include half-way homes for ex-convicts, drug users, or persons who have been convicted of the manufacturing or sale of illegal drugs.

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

*“Unjustified institutionalization of persons with mental disabilities...qualifies as discrimination.”*- was stated as the majority opinion of the U.S. Supreme Court. In a landmark decision by a 6-3 vote, the U.S. Supreme Court ruled in June 1999, that a state may not discriminate against psychiatric patients by keeping them in hospitals instead of community homes. The court said that the Americans with Disabilities Act (ADA) may require that states provide treatment in community-based programs rather than in a segregated setting. This case, known as the Olmstead case, ruled that community placement is a must when deemed appropriate by state professionals, agreed to by the individual with the disability, and resources available are sufficient. The courts agreed with “the most integrated setting” provision of the ADA.

In February 2005, a federal court jury in Detroit sided with a 55-year-old disabled registered nurse in a decision that could solidify the right of mentally ill people to obtain exceptions to no-pet policies in apartment, condominium and cooperative housing complexes. The verdict which awarded \$14,209 in actual damages and \$300,000 in punitive damages to the nurse is believed to be the first federal jury verdict to recognize mental illness as a disability under the federal Fair Housing Act.

In 2003, a settlement was ordered by the District Court in New Jersey for the owner of the internet website, [www.sublet.com](http://www.sublet.com), who was found guilty of publishing discriminatory rental advertisements which is prohibited by the Fair Housing Act. It was the first of its kind to be brought by the Justice Department. It was thought to be imperative that the federal laws that prohibit discriminatory advertising should be enforced with the same vigor with regard to internet advertising as it would for print and broadcast media. The court ordered the site to establish a \$10,000 victim fund to compensate individuals injured by the discrimination. They were also ordered to pay a civil penalty of \$5,000, adopt a non-discrimination policy to be published on the website, and require all employees to undergo training on the new practices.

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

In 2005, the Connecticut Commission on Human Rights and Opportunities (CHRO) issued a charge of discrimination on the basis of disability when an apartment manager refused to rent a person with disability in the first floor due to the absence of access ramp or make a modification to add a ramp. The court recognized that the renter has a disability and the defendant knew the fact and refused to make accommodations. The court concluded that the renter was entitled to compensatory and emotional distress damages of \$10,000 and imposed a civil penalty of \$1,000.

In 2007, the 9th Circuit Court of Appeals gave a decision in support of Fair Housing Council of San Fernando Valley that Roommates.com has violated the fair housing laws by matching roommates by gender, sexual orientation, and parenthood. By asking prospective roommates to put in their status on these criteria and allowing prospective roommates to judge them on that basis is a violation of Fair Housing Act.

In 2005, the National Association for the Advancement of Colored People (NAACP), The National Association of Home Builders (NAHB), and the Home Builders Association (HBA) of Greater Austin, filed a federal lawsuit against the City of Kyle, TX. The plaintiffs contended that ordinances passed by the Kyle City Council, imposing requirements such as all-masonry construction, expanded home size, and expanded garage size, drive up the cost of starter homes by over \$38,000 per new unit. The allegation is that this increase has a disproportionate impact on minorities and this effect violates the Fair Housing Act. The City of Kyle filed a motion to dismiss, asserting that

both NAACP and NAHB lack standing. The federal district court recognized the plaintiff's standing in 2006. Thereafter, the cities of Manor, Round Rock, Pflugerville, and Jonestown, all moved to join the litigation on the grounds that they each have ordinances similar to the one being challenged in Kyle and that any positive decision in this case would allow NAHB and NAACP to sue them at some later date. In May the court decided that the cities could participate as friends of the court but may not join in the litigation otherwise. This case is in progress and a judgment is expected in 2008.

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

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

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

The Fair Housing Act's definition of "dwelling" does not include overnight or temporary residence, so mistreatment of the homeless is not generally covered by Fair Housing Law. The ability of persons to find affordable housing is a protected right of Fair Housing; therefore the inability of people to find affordable housing which may lead to homelessness, is in conflict with the Fair Housing Law.

### **Unfair Lending Practices**

Unfair lending practices are more difficult to detect and to prove. However, there are laws, other than the fair housing law, to assist communities in aggressively scrutinizing fair lending activity. One such law is the Home Mortgage Disclosure Act (HMDA), which



requires banks to publish a record of their lending activities annually. Frequently, fair housing enforcement agencies and nonprofits use this data to help substantiate a discrimination claim or to determine a bank's racial diversification in lending. Another law frequently utilized by community organizations is the Community Reinvestment Act (CRA). When a bank wants to merge with or buy another bank or establish a new branch, the community has an opportunity to comment. Usually, the CRA commitments made by the bank are analyzed, utilizing other data such as HMDA, to determine adherence. The community can challenge the action if the bank has a poor record. Sometimes agreements can be reached with the bank promising a certain level of commitment to the community. Additionally, the Equal Credit Opportunity Act (ECOA) prohibits discrimination in lending generally and can be quite significant when it comes to securing information about unfair lending practices and imposing remedies, which may include up to one percent of the gross assets of the lending institution.

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

## **2.2. Enforcement**

Currently, the Regional HUD Office in Fort Worth conducts investigations of fair housing complaints in Carrollton. Texas is part of HUD's five state Southwest Region that includes Texas, New Mexico, Oklahoma, Louisiana, and Arkansas. When HUD Regional Office investigates complaints of discrimination, an investigator generally spends a day or two in the city, on-site, interviewing the complainant, respondents, and witnesses, reviewing records and documentation, while observing the environment. A detailed discussion of the complaints filled with HUD follows in Section 2.4.

## ***Education and Outreach***

An essential ingredient of fair housing opportunity and enforcement is education of the public regarding the rights and responsibilities afforded by the fair housing law. This includes the education of housing and financial providers, as well as citizens, the potential victims of discrimination. It is important for potential victims of housing and/or lending discrimination to be aware of fair housing issues generally, know what may constitute a violation, and what they can do in the event they believe they may have been discriminated against. Likewise, it is important for lenders, housing providers, and their agents to know their responsibilities and when they may be violating fair housing law.

Often, people may be unaware of their fair housing rights. Present day housing discrimination tends to be subtle. Instead of saying that no children are allowed, they may impose unreasonable occupancy standards that have the effect of excluding families with children. Rather than saying, “We do not rent to Hispanics,” they may say, “Sorry we do not have any vacancies right now, try again in a few months,” when, in fact, they do have one or more vacancies. Printed advertisements do not have to state, “no families with children or minorities allowed” to be discriminatory. A series of ads run over an extended period of time that always or consistently exclude children or minorities may very well be discriminatory. In addition, a person who believes he/she may have been discriminated against will probably do nothing if he/she does not realize that a simple telephone call can initiate intervention and a resolution on his/her behalf, without the expenditure of funds or excessive time. Thus, knowledge of available resources and assistance is a critical component.

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

An overview of the key characteristics affecting the housing environment in Carrollton will assist in assessing the adequacy and effectiveness of the housing programs designed and implemented by the City in reaching the target market, and identifying and serving those who have the greatest need. Much of the information is taken from the

Consolidated Plan, the 2006 Consolidated Annual Performance Evaluation Report (CAPER), and other documentation provided by the City of Carrollton.

The City of Carrollton receives Community Development Block Grants. Grant funding for last three years and the current year for the Community Development Block Grant were:

FY 2005	Community Development Block Grant	\$921,105
FY 2006	Community Development Block Grant	\$829,063
FY 2007	Community Development Block Grant	\$824,933
FY 2008	Community Development Block Grant	\$799,275

According to the City's 2004-2009 Consolidated Plan the City is committed to further its on-going goals of supporting the development of safe and affordable housing and improve the quality of life for all residents. The City of Carrollton listed the following specific housing priorities in the 2004-2009 Consolidated Plan:

- Increase opportunities for first-time homebuyers
- Create opportunities for elderly and disabled homeowners to make home repairs that represent a risk to their health and/or safety
- Preserve and enhance the existing housing stock
- Promote the construction of affordable housing throughout the city
- Promote a diverse housing stock that is affordable for all income segments and population.

The City operates various housing programs utilizing CDBG funds and targets the housing goals and strategies outlined in the Consolidated Plan:

- Through the People Helping People Program the City partners with community volunteers to provide help to elderly and disabled homeowners for minor home

repairs. The City assisted five elderly and disabled homeowners with minor exterior home repairs in FY 2006 and 13 individuals in FY 2005.

- The City has partnered with Dallas County and Denton County Housing Finance Corporation to provide assistance to first-time homebuyers. The City is actively marketing both the programs and provides referrals to those programs. The City provides referrals to Dallas and Denton County First-time Home Buyer programs. Twenty Five people were provided referrals during the fiscal year 2006.
- The City operates a Single-Family Rental Inspection Program. This program is intended to enhance safety, security, and quality of housing in the city. The City continued to pursue code enforcement in the CDBG Target Area and the City initiated 928 new cases in FY 2006. The City processed and demolished two units of unsafe and substandard housing. In FY2005, 311 single-family homes were inspected.
- The City conducts structured information sessions on lead-based paint issues. Through the People Helping People Program, the City conducts lead-based paint testing and if lead-based paint is detected, HUD regulations are followed including the distribution of lead-based paint information.

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

There is a concern that the City of Carrollton does not currently have a fair housing ordinance. Having a fair ordinance, especially one that is substantially equivalent to the federal Fair Housing Act, exemplifies a City's commitment to enforcing fair housing regulations. A local fair housing ordinance also provides public awareness of individuals' rights under the Fair Housing Act. Although, all communities may not need to create their own local fair housing ordinance, it is imperative that all communities have education and outreach on fair housing issues and topics.

The City's zoning ordinance and public policies were examined to reveal any current ordinances or policies that impede fair housing. Carrollton's zoning ordinance does not appear to be an impediment to fair housing choice within the city. The variety of lot sizes, residential districts, and the inclusion of mobile homes and multi-family dwelling units are tools that extend fair housing choice to individuals at all income levels. The City has various categories of residential districts including Single-Family Detached, Single-Family attached, Duplex/Triplex and Four-plex, Multifamily, and Mobile Home districts that allows for a variety of lot sizes. The minimum lot sizes do not preclude the construction of affordable housing.

A guest house or servant quarters with kitchen facilities are allowed residential districts. So, there is no restriction impacting "Granny Flats" in Carrollton.

The Zoning ordinance includes a definition of Community Homes for Disabled Persons with not more than six disabled persons, or unrelated individuals, including two supervisory personnel are allowed in Carrollton's residential districts. Such provision allows group homes that provide services to elderly and disabled persons to be located in residential districts but is limited to four unrelated individuals.

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

Fair housing complaint information was received from the regional office of the U.S. Department of Housing and Urban Development in Fort Worth. The data provides a breakdown of complaints filed for Carrollton from January 1, 2002 through December 31, 2007. Nineteen complaints were filed according to one or more of seven bases, including; National Origin, Color, Religion, Familial Status, Handicap, Sex, and Race. Table 2.1, below, shows the breakdown. The total is more than 19 because some cases cited multiple bases in their claim.

**Table 2.1: Number of Complaints by Protected Class by Year (2002-2007)**

Protected Class	Race/ Color	National Origin	Familial Status	Disability	Sex	Religion	Totals
2002	0	0	0	0	0	0	0
2003	0	0	0	0	0	1	1
2004	3	1	2	1	2	1	10
2005	4	2	0	3	0	0	9
2006	2	1	0	1	1	0	5
2007	1	1	0	0	0	0	2
<b>Totals</b>	<b>10</b>	<b>5</b>	<b>2</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>27</b>

Source: HUD Fort Worth Regional Office

Of the 19 complaints, all cases were closed with a satisfactory resolution. Fourteen cases were closed with a no cause determination. This means that justification for the complaint was not applicable to the Fair Housing Law. Three cases were closed because the complainant withdrew the complaint after the resolution. Two cases were closed due to the lack of cooperation from the complainant. One case was closed because the complainant could not be located. Table 2.2, on the following page, shows the tally of the case closure types by year the case was opened.

**Table 2.2: Number of Complaints by Protected Class by Year (2002-2007)**

Type of Closure	2002	2003	2004	2005	2006	2007	Totals
Case Conciliated	0	0	0	0	0	0	0
No Probable Cause	0	0	4	8	2	0	14
Withdrawn	0	1	0	0	0	2	3
Lack of Jurisdiction	0	0	0	0	0	0	0
Complainant failed to cooperate	0	0	0	0	2	0	2
Unable to Locate the complainant	0	0	1	0	0	0	1
<b>Totals</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>8</b>	<b>4</b>	<b>2</b>	<b>19</b>

Source: HUD Fort Worth Regional Office

## **2.6. Conclusions and Implications for Fair Housing Barriers**

The State of Texas has a fair housing law that is substantially equivalent to the federal Fair Housing Act. The City of Carrollton does not have a fair housing ordinance. Having a fair ordinance, especially one that is substantially equivalent to the federal Fair Housing Act, shows a City's commitment to enforcing fair housing regulations. The City of Carrollton does not have an enforcement office that investigates fair housing complaints. Between 2002 and 2007, a total of 19 complaints have been received and investigated through the HUD Regional Office. The current level of complaints is low in the city.

An examination of local advertisements in real estate publications from May and June 2008 revealed that only six out of 30 advertisements had photographs of representative clients who were minorities. More than half of the advertisers do not advertise with the equal housing opportunity logo or slogan. The Fair Housing Act does not require the use of the Equal Opportunity logo or minority client photos in any ad. However, these items show solid evidence of the real estate company's commitment to fair housing compliance.

Carrollton currently receives \$799,275 in the CDBG grants. The City of Carrollton operates housing programs funded with these allocations and works to address housing priorities defined in the Consolidated Plan. The City operates the People Helping People Program through a partnership with community volunteers to provide help to elderly and disabled homeowners for minor home repairs. The City has partnered with Dallas County and Denton County Housing Finance Corporation to provide assistance to first-time homebuyers. The City operates a Single-Family Rental Inspection Program to improve the quality of housing stock in the city.

The City's zoning ordinance and public policies were examined to reveal any current ordinances or policies that impede fair housing.



## **Section 3: Focus Group Sessions and Community Engagement**

---

### **Introduction**

This section will report on the results from the three focus group sessions held June 3<sup>rd</sup> through June 4<sup>th</sup>, 2008. Participants in the focus groups included representatives from the City of Carrollton staff, Neighborhood Advisory Commission (NAC), and Planning Commissioners, local non-profit organizations, housing professionals, industry leaders, the general public and other community representatives. Attendees were gathered by invitations sent to select community leaders, organizations, industry professionals and public officials. During each focus group session, general issues related to the housing market and specific concerns pertaining to fair housing choice in Carrollton were discussed. Supplement interviews were conducted with individuals from the community and industry representatives to obtain information from those unable to attend the sessions. All sessions were held at the City of Carrollton City Hall, located at 1945 E. Jackson Road. Comments from participants included the following:

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

#### **Public Transportation and Mobility**

Participants cited concerns that Carrollton is underserved by the public transportation system and that a lack of service can be an impediment to housing choice for those residents in need of public transportation to get to employment centers in and outside the city. They were particularly concerned with issues relative to light rail service and resident having access to light rail from older corridors of the city and corridors with high concentrations of older housing stock. Light rail service has also raised concerns that transit oriented development will bring a shift in the demographics of the area from suburban to a more urban concentration of residential and commercial development. They are concerned

that the City adequately plan for this change and insure that affordable housing is included in the development authorized near rail stations.

### **Public Awareness of Fair Housing**

Participants cited a lack of public awareness of fair housing rights as a concern. They felt that many residents are simply unaware of their rights and that more violations are occurring than being reported by citizens. Specifically attendants cited Carrollton's lack of a local fair housing ordinance or a "Non Discrimination or Human Rights Public Policy" as an impediment. Participants felt that residents also needed increased access to homebuyer education and counseling opportunities from private lenders, and that first-time buyers often do not know where to go for help or how to start the process of purchasing a home.

### **Social-Economic Conditions**

Another frequently mentioned issue in the focus group sessions was the perception that certain areas of the City are home to a disproportionate number of low-income persons. The low-income are more likely to live in substandard multifamily housing developments. Participants indicated that the concentration of poverty is not only a concern with regard to social equity and the plight of renters, but poverty is also having a significant impact on the condition and quality of single family housing in older neighborhoods. There are high concentrations of houses in need of repairs. In areas where a majority of homeowners cannot afford routine maintenance, poor housing conditions may quickly become the prevalent state of affairs. Lack of job opportunities and lack of sufficient income to afford decent housing were cited as concerns as well. Both crime and perception of crime were discussed as issues that are hindering some residents from living in various areas of Carrollton.

## **Public Policy**

Public policies were cited as concerns by participants. Increased interest in and a potential for a greater focus on immigration reform and its impacts on immigrant populations' ability to qualify for safe and decent affordable housing was a concern. Some cited a concern that the City does not currently provide funding for down payment and closing cost or other incentives to encourage first time home buyers to purchase homes. The City will be submitting an application to the State for a HUD HOME Investment Partnership Program grant. Currently, the City does not provide assistance utilizing its Community Development Block Grant (CDBG) allocation.

## **Housing Supply and Conditions**

Focus group participants wanted to have a greater emphasis placed on developing housing suitable to meet the needs of the changing demographics in the City and specific problems faced by elderly residents and the working poor. They felt that housing in the range of \$80,000 to 120,000 was in short supply. The City's elderly population is increasing and they are finding it difficult to maintain their homes while living on "fixed" and limited incomes. In other instances participants cited an inadequate supply of higher end housing.

Landlord tenant issues were cited as problems. Unscrupulous landlords, poor business practices, and unjust treatment of tenants were mentioned as barriers to fair housing choice in the City. It was pointed out that tenants are often unaware of their rights and do not have adequate knowledge and information to complain about their landlord treatment and problems. Participants indicated that landlords often threaten tenants who move out of rental property with delinquent payment information or "failure to pay for damages" references that are placed in their credit reports. Landlords also provide this negative information to other landlords. Rental housing is often in very poor condition and in short supply for very low-income populations. Landlords capitalize on an inadequate supply of affordable housing, the lack of rental histories, and poor credit histories of

applicants as an opportunity to charge high rents while providing limited maintenance to the property.

Older housing stock that needs repair is generally concentrated in the areas with large minority populations, the lowest incomes and greatest cost burdens. Participants cited the Crosby and Beltline corridors and areas closest to downtown as most in need of attention. Substandard motels that serve as permanent housing for some low income residents are a concern as well. City Code Enforcement Officials have adopted a policy of applying its multifamily inspection and registration regulations to motels offering rental units in this manner. Families with disabilities and the elderly are sometimes subjected to unhealthy rental conditions caused by a lack of heating or air conditioning. Lack of affordability for low-income renters and market pressures are therefore causing lower income households to reside in substandard housing.

### **Access to Banking and Financial Institutions**

Predatory lending practices were identified by focus group participants as a major issue. Banks and other reputable financial institutions have been replaced as lenders of choice in poor neighborhoods. Predatory businesses provide individuals with loans backed by the title to their car or house at relatively high interest rates. They are quick to foreclose in the event the borrower misses a monthly payment. People often fall prey to these loans because they have a poor credit rating or limited to no credit history. The poverty and race in certain areas tends to attract predatory lending vendors who understand that these demographics are constant source of clientele for their businesses. Other services could be impacted by poverty concentration as well such as higher loan denial rates by lenders and homeowner insurance policy approvals. According to Focus Group participants and persons interviewed, poor credit scores have negatively impacted the cost of homeowners' insurance and in some instances the ability to be approved for a homeowners' policy. In such instances, persons who cannot qualify for homeowners' insurance cannot close on mortgage loan.

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

The inability to obtain home mortgages was seen as a major barrier that limits housing choice. Focus group participants mentioned criminal background histories as a factor that could potentially impact a persons' ability to qualify for home purchases. Illegal immigration was also perceived as a potential concern in securing affordable housing, should the City's approach to this issue take on a new direction. Credit remains the major barrier. While credit issues relative to qualifying for homeownership is a major issue facing low-income population, credit continues to be a barrier in finding qualified applicants at all income levels. Participants felt that financial literacy aimed at preventing poor credit was needed. Greater emphasis should be given to preventing damage to a consumer's credit history and providing a solid foundation that could prevent future financial problems. Persons with a criminal felony record and those convicted of sex crimes are having particular problems finding housing to rent.

In other instances, participants were concerned with underwriting criteria used by lenders and their failure to adjust ratios or provide financing with more favorable terms. Most underwriting standards used today do not take into consideration the unique issues faced by lower income persons and minorities. Products that once addressed these issues were offered as part of financial institutions' Community Reinvestment Act initiatives. Most banks no longer offer such products due in part to recent increases in foreclosure rates and subprime lending on mortgage approvals and higher private mortgage insurance for small loans.

The increase in mortgage foreclosures and the inability of homeowners to afford routine and major maintenance were cited as issues in each of our sessions. Subprime lending practices are impacting loans to affordable homebuyers as well as higher priced home purchasers. Some purchasers of affordable housing are faced with high interest rates, adjustable rate mortgages that have escalating interest rates, second lien loans that have even higher interest rates than the first lien, and in some instances, balloon notes that are forcing them into foreclosure.

Any major systems failure such as roof replacement, foundation problems or even heating and air conditioning replacement can render their home a health and safety risk or place the homeowner in violation of City property standards codes.

### **Special Needs Housing**

Finally, participants were concerned that shelters for the homeless and housing for others seeking special needs housing were inadequate. Service providers pointed out a concern that clients were sometimes discriminated against when applying for rental housing and listing shelters, motels or transitional housing as their prior residence.

### **3.2. Solutions**

Focus group participants suggested some solutions to the concerns above. Participants felt that many residents, especially lower income individuals and minorities, were unaware of the costs involved in purchasing a home. The need for increased credit education was a consistent theme among the various focus groups. Education on topics such as financial literacy and homebuyer counseling were seen as solutions as well.

Participants also cited a need to develop alternative types of housing suitable for special populations, the elderly and middle-income groups. Participants felt that there is a sufficient focus on the supply of high-end housing and there has been some success in providing housing for low income purchasers. However, there is a shortage of housing supply affordable to middle-income groups and the working poor. It was suggested that incentives should be used to encourage developers to create more affordable housing for those groups and middle income buyers interested in homeownership. Some participants suggested that the City allocate additional CDBG funds to providing assistance for rehabilitation and financing home improvements and rental property rehabilitation. Increased funding for rehabilitation activities would help to arrest the deterioration of existing neighborhoods and help attract buyers back to those neighborhoods.

## **Section 4: Home Mortgage Disclosure Act (HMDA) Data Analysis**

---

### **Introduction**

The Federal Financial Institutions Examination Council (FFIEC) gathers data on home mortgage activity from the federal agencies that regulate the home mortgage industry. The data contain variables that facilitate analysis of mortgage lending activity, such as race, income, census tract, loan type, and loan purpose. The FFIEC provides the Home Mortgage Disclosure Act (HMDA) databases and retrieval software on compact disk. Data can be summarized within the software package or downloaded in its raw form for analysis. For this analysis, the FFIEC databases were utilized for 1997 through 2006.

The data reported here are summarized by tables, charts, and maps provided at the end of the section. Table 4.1 and 4.2, on pages 63 and 64 compare the loan activity in Carrollton with Collin, Dallas, and Denton Counties as a whole. Tables 4.3 and 4.4, on page 65 and 66, and Charts 4.1 through 4.4, on pages 67 and 68, provide information for the three counties. The maps, provided at the end of this section, present data by census tract for the counties by census tract. The analysis will focus on the tracts within Carrollton and provides a description of the mortgage industry specific to the city.

### **4.1. Analysis**

Table 4.1 examines home loan activities in Carrollton and Collin, Dallas, and Denton Counties. The data are presented by loan type, ethnicity, income, and loan purpose. In Collin, Dallas, and Denton Counties, White applicants represented the largest number of loan applicants at 1,398,600. Origination rates, the percentage of applications that result in loans being made, for Whites were about 73 percent. Hispanics were the next largest applicant group with over



188,600 applications submitted and an origination rate of over 52 percent. African-Americans submitted over 182,800 applications and had an origination rate of about 34 percent. Asian origination rates were about 58 percent, but there were only 17,000 applications reported. High-income applicants showed both the highest number of applications, about 1,100,400, and the highest origination rate, about 78 percent. Both the number of applications and the origination rates drop significantly for all other income groups, with over 204,800 applications from middle-income applicants and an origination rate of over 63 percent. Conventional loans account for the largest number of applications for loan type, over 1,877,600, and an origination rate of over 57 percent. Home purchase loans show the highest number of applications for loan purpose, at over 1,000,800, and the origination rate of over 53 percent. Home improvement loans had an origination rate of about 62 percent with 333,260 loan applications. Refinance loans had about 58 percent origination rate with over 835,200 applications.

Isolating the census tracts within Carrollton, for Loan Type, “Conventional” shows the highest number of loan applications, over 72,200, and an origination rate of 52 percent. The origination rate for FHA loans was about 87 percent. An evaluation of loan purpose reveals that home purchase loan applications were over 40,500 with an origination rate of over 59 percent. The origination rate for home improvement loans was 46 percent and for refinance loans, about 55 percent. In Carrollton, White applicants had the highest origination rate at 68 percent and the highest number of loan applications, about 51,300. Hispanics had over 8,900 applications and an origination rate of over 31 percent. The origination rate for Asians was 58 percent with over 4,300 applications. The origination rate for African-Americans was about 54 percent for over 3,500 applications. The origination rate for the very low-income group was 17 percent compared to about 89 percent among high-income applicants.

Table 4.2 displays the HMDA data for the same data categories (Loan Type, Ethnicity, Income, and Loan Purpose). On this table, however, percentages are

taken within category, rather than demonstrating the percentage of applications that result in loan originations. For example, the first percentage in the “% of Originations” column indicates that 87.9 percent of originations in the three counties were for conventional loans compared to 57.3 percent origination rate from Table 4.1. For comparison, ethnic percentages were included under the “% Pop.” column to compare the percentage of originations by ethnic group to their percentage in the population.

Within the “Loan Type” category, “Conventional” shows the highest percentage, about 88 percent of all originations in Collin, Dallas, and Denton Counties. FHA loans, which are government insured and have more stringent lending criteria, were about eight percent of all originations. Referring back to Table 4.1, the origination rates were about 46 percent for FHA versus approximately 57 percent for conventional.

For Ethnicity, “White” shows the highest percentage of origination at 83 percent of the total originations in the three counties. The percentage of Whites in the population was over 65 percent. Hispanic applicants represented over eight percent of originations with over 24 percent of the total population in the counties. African-American applicants accounted for five percent of all originations, with about 16 percent of the total population in the counties.

The highest income group (>120% median) displays the highest percentage of originations, at about 70 percent of all originations. In contrast, the very low-income group accounts for less than two percent of all originations.

The loan purpose data for the three counties show that home purchase loans were the most frequent purpose at over 43 percent. Refinance loans accounted for over 39 percent of the originations. Home improvement loans accounted for about 17 percent of all originations.

In Carrollton, over 79 percent of all originations were from conventional loans. FHA loans were over 17 percent of all originations. In the city, Whites had the highest percentage of origination, over 74 percent of the total. The percentage of Whites in the population was about 72 percent. Hispanic applicants accounted for about six percent of originations, while their presence in the population was over 19 percent of all residents. Asian applicants represented over five percent of originations with 11 percent of the total population. African-American applicants accounted for four percent of all originations, over six percent of the total population. Native American applicants represented 0.4 percent of originations with 0.5 percent of the total population. The highest income group (>120% median) displays the highest percentage of originations, over 65 percent of all originations in the city. In contrast, the very low-income group accounts for less than three percent of all originations. The loan purpose data show that home purchase loans were the most frequent purpose, over 51 percent of all originations in the city. Refinance purchase loans accounted for 40 percent of the originations. Home improvement loans accounted for about nine percent of all originations in the city.

Table 4.3 examines the HMDA data more closely with respect to the possibility of redlining within the counties and the city. Redlining relates to the avoidance of certain locations by mortgage lenders in response to undesirable characteristics of the area. Assuming that these negative characteristics can be epitomized by the lowest income census tracts (<51% median in the tables), a comparison of origination rates within these tracts to higher income tracts should shed some light on the probability of redlining. Origination rates for Carrollton indicate that Very Low-Income applicants (<51% median) were successful 17 percent of the time, Low-Income applicants (51-80% median) and Moderate Income applicants (81-95% median) were successful about 24 percent of the time, Middle Income applicants (96-120% median) over 52 percent of the time, and High Income applicants (>120% median) 89 percent of the time. When isolating the Very Low Income census tracts, the origination rates change significantly among the

moderate, middle, and high-income tracts. Moderate Income applicants were successful 20.7 percent of the time, almost four percentage points lower than their overall success in city. Higher income applicants in very low-income tracts experienced much lower rates, as well. High Income applicants in very low-income tracts had a 35.5 percent origination rate, more than 53 percentage points lower than in the overall rate for the city.

Comparing Very Low-Income tracts to High Income tracts, large differences are noted between origination and denial rates. Within High Income tracts, Very Low Income applicants were successful 33.8 percent of the time, about nine percentage points higher than High Income applicants in the Very Low-Income tracts. High Income applicants were successful 65.7 percent of the time in High Income tracts, over 30 percentage points higher than in Very Low Income tracts. Origination rates for Middle Income applicants in High Income tracts were 27.4 percentage points higher than in the Very Low Income tracts. While this analysis does not provide conclusive proof that redlining exists, the expectation for higher income applicants would be for relatively equal origination rates across all census tracts. The large differences in origination rates between Very Low and High-Income tracts suggest that some characteristics of redlining may be occurring.

Table 4.4 compares origination rates between minorities and White applicants for the various loan purposes and income groups. For all loan purposes shown, White origination rates are much higher than minorities. For home purchase loans, origination rates were 49 percent for Whites and about 36 percent for minorities, a difference of 13 percentage points. White applicants for home improvement loans are successful almost 26 percentage points more often than minorities. The rates for refinance loans show a 24 percentage point difference.

Looking at the income group comparison, minorities actually have relatively close origination rates to Whites in the two lowest income groups. With Moderate

Income applicants (81-95% MFI), White origination rates start to show an advantage. In the High Income group (>120% MFI), White origination rates are almost 17 percentage points higher. Within each income group, Whites and minorities are entering the loan markets with relatively equal incomes.

Chart 4.1 provides a look at origination rates by census tract income for the loan types: conventional, FHA, and VA. Conventional loans have higher origination rates in all income groups than government insured loans.

Chart 4.2 shows origination rates by ethnicity and income of the census tract. Whites show the highest origination rates of all races in all income groups of tracts except Very Low-Income tracts and High-Income tracts. Though the origination rates in Asian and Native American categories in Very Low- and High-Income tracts show higher origination rates than Whites, they represent very low number of applications.

Chart 4.3 looks at origination rates by the income of the applicant and the income of the census tract of the property for which the loan would be applied. Ideally, origination rates should be similar among same income groups regardless of the income for the census tract where the subject property is located. The origination rates of all the income groups increase as the tract income increases. This indicates that families with similar income are more likely to originate a loan for property in a higher income census tract. Therefore, again some characteristics of redlining may be present in lower income tracts in the community. The relatively small number of applications in the lower income tracts, however, the data does not support any conclusive determination of redlining.

Chart 4.4 looks at origination rates by loan purpose and income of the census tract. Applications for all loan types have a higher success rate as the tract income increases, including home improvement loans, peaking at 70 percent for the High-Income tracts. Home Purchase loans have the lowest origination rates

and home improvement loans show the highest origination rates in all income tracts.

Maps 4.1 through 4.6 provide loan activity by census tract. The ratio of denials to originations was calculated for each loan purpose and loan type. Tracts shown in the darkest red indicate those areas where 75 or more applications are denied for every 100 applications that are originated. The red areas show 50 to 75 applications denied for every 100 applications originated. The mauve areas show 25 to 50 applications denied for every 100 applications originated. The pink areas show 0 to 25 applications denied for every 100 applications originated.

Map 4.4 and 4.6 have only pink and mauve categories representing 0 to 50 applications denied for every 100 applications originated. Map 4.2 shows the total number of loan originations by census tract. Less active areas are shown in the lighter colors, with the most active areas in dark red. Unlike the other maps, the light areas are meant to indicate areas of concern, either for a lack of loan activity or for their low rate of application originations in relation to denials. Maps 4.3 and 4.4 compare the ratio of loan denials to originations for Conventional loans and Government Backed loans. Maps 4.5 and 4.6 compare the ratio for home purchase loans and home improvement loans.

A look at reasons for denial showed that the majority related to the applicants credit history or their debt-to-income ratio. In Carrollton, over 17,800 (36.2%) denials were blamed on the applicants' credit history in the ten years of the study. About 10,400 (21.2%) denials were blamed on the applicants' debt-to-income ratio in that same year and more than 8,600 (17.5%) were blamed on collateral. Those three categories accounted for just over 75 percent of the denials for the study period.

## **4.2. Conclusions**

In Carrollton, the highest success in loan origination was found in the home purchase loan sector and the least success was in the home improvement loan sector. These results are contrary to the trends in Collin, Dallas, and Denton County overall origination rates. Home improvement loans had higher origination rates in the three counties.

Overall, the origination rates among Whites were higher than minorities in home purchase, home Improvement and refinance loans. Home purchase loans were the most frequent loan type in the city and in the three counties. The loan applications and originations were significantly lower compared to their percentage in population for Hispanics, Asians, and African-Americans in the city. This points out two issues, the lack of applications from minorities and the loan denials. The possible reasons for lower loan originations among minorities could be lack of credit history, poor credit history, or higher debt-to-income ratio. During the period between 1997 and 2006, the majority of loan denials were related to the applicants' credit history.

While the analysis offered here does not provide conclusive evidence of redlining, the data tend to suggest that lenders might be reluctant to lend in some of the very low-income census tracts in Collin, Dallas, and Denton Counties. While it is expected that very low-income applicants would not have a very high success rate in their loan applications, within the very low-income census tracts, even high-income applicants showed a poor success rate. Due to very low number of applications in the lower income census tracts, any conclusive determination of redlining is impossible to determine for the city.

Overall, the mortgage markets seems to have peaked in 2000 and 2001. Opportunities still exist for borrowers to buy housing or refinance existing higher interest loans. Rising interest rates appear to be having an impact on lending activity in the city, with the number of applications slowing in recent years.

**Table 4.1**

**Home Mortgage Disclosure Act (HMDA) Analysis  
Comparison of Number of Loan Applications and Origination Rates  
City of Carrollton and Collin, Dallas, and Denton Counties  
1997 - 2006**

	<b>Carrollton</b>		<b>Collin, Dallas, and Denton Counties</b>	
	<b>Number of App.s</b>	<b>Origin. Rate</b>	<b>Number of App.s</b>	<b>Origin. Rate</b>
<b>Loan Type:</b>				
Conventional	72,258	51.6%	1,877,615	57.3%
FHA	9,297	86.9%	221,585	45.9%
VA & Other	2,270	71.6%	76,632	60.7%
<b>Ethnicity:</b>				
Native	503	41.1%	7,707	47.7%
Asian	4,357	58.0%	17,003	57.6%
Black	3,528	53.9%	182,882	33.5%
Hispanic	8,927	31.2%	188,614	52.3%
White	51,308	67.9%	1,398,600	72.7%
Other	1,391	22.4%	19,701	12.3%
Not Provided	9,089	46.1%	68,001	33.3%
Unknown	4,722	5.6%	293,323	3.3%
<b>Income:</b>				
<51% median (very low)	6,850	17.0%	72,990	30.2%
51-80% median (low)	9,976	24.0%	180,016	36.3%
81-95% median (moderate)	12,580	24.4%	197,540	55.0%
96-120% median (middle)	18,239	52.2%	204,888	63.4%
>120% median (high)	34,559	88.7%	1,100,399	77.7%
Unknown	1,621	12.8%	420,000	10.5%
<b>Loan Purpose:</b>				
Home Purchase	40,573	59.4%	1,000,804	53.1%
Home Improvement	8,773	46.0%	333,260	61.7%
Refinance	34,314	54.8%	835,267	57.9%
Multifamily	166	47.1%	6,500	56.5%
<b>Totals</b>	<b>83,824</b>	<b>56.1%</b>	<b>2,175,832</b>	<b>56.28%</b>



**Table 4.2**

**Home Mortgage Disclosure Act (HMDA) Analysis  
Comparison of Originations Within Categories  
City of Carrollton and Collin, Dallas, and Denton Counties  
1997- 2006**

	<b># of Originations</b>	<b>Carrollton % of Originations</b>	<b>%Pop.</b>	<b>Collin, Dallas, and Denton Counties # of Originations</b>	<b>% of Originations</b>	<b>%Pop.</b>
<b>Loan Type:</b>						
<b>Conventional</b>	37,302	79.4%		1,076,412	87.9%	
<b>FHA</b>	8,077	17.2%		101,641	8.3%	
<b>VA &amp; Other</b>	1,624	3.5%		46,535	3.8%	
<b>Ethnicity:</b>						
<b>Native</b>	207	0.4%	0.5%	3,674	0.3%	0.6%
<b>Asian</b>	2,529	5.4%	11.0%	9,797	0.8%	4.5%
<b>Black</b>	1,901	4.0%	6.3%	61,229	5.0%	15.9%
<b>Hispanic</b>	2,783	5.9%	19.5%	98,577	8.1%	24.3%
<b>White</b>	34,816	74.1%	71.9%	1,016,407	83.0%	65.2%
<b>Other</b>	312	0.7%	7.7%	2,449	0.2%	13.9%
<b>Not Provided</b>	4,189	8.9%		22,657	1.9%	
<b>Unknown</b>	266	0.6%		9,797	0.8%	
<b>Income:</b>						
<b>&lt;51% median</b>	1,162	2.6%		22,043	1.8%	
<b>51-80% median</b>	2,396	5.1%		65,314	5.3%	
<b>81-95% median</b>	3,068	7.0%		108,577	8.9%	
<b>96-120% median</b>	9,516	20.2%		129,806	10.6%	
<b>&gt;120% median</b>	30,654	65.2%		854,762	69.8%	
<b>Unknown</b>	207	0.4%		44,085	3.6%	
<b>Loan Purpose:</b>						
<b>Home Purchase</b>	24,092	51.3%		531,471	43.4%	
<b>Home Improvement</b>	4,031	8.6%		205,731	16.8%	
<b>Refinance</b>	18,802	40.0%		483,712	39.5%	
<b>Multifamily</b>	78	0.2%		3,674	0.3%	
<b>Totals</b>	47,003			1,224,587	100.0%	

**Table 4.3**

**Analysis of Home Mortgage Disclosure Act Data, 1997-2006  
Collin, Dallas, and Denton Counties  
Analysis of Redlining in Very Low-Income Census Tracts**

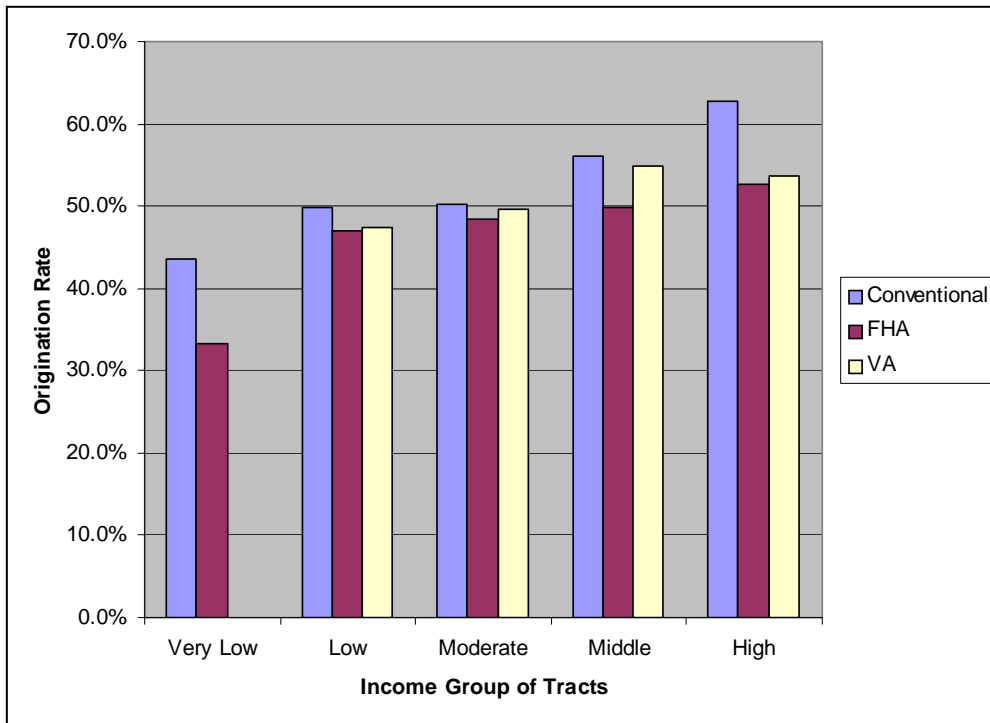
	<b># of Apps.</b>	<b>% Orig.</b>	<b>% Denied</b>
<b>Very Low Income Tracts</b>			
<51% median	514	24.3%	53.8%
51-80% median	1,227	23.4%	52.5%
81-95% median	350	20.7%	48.4%
96-120% median	611	27.0%	48.3%
>120% median	1,118	35.5%	37.8%
Unknown	988	22.3%	29.6%
 <b>High Income Tracts</b>			
<51% median	1,517	33.8%	44.9%
51-80% median	6,166	42.6%	36.2%
81-95% median	4,544	50.8%	27.7%
96-120% median	7,508	54.4%	22.4%
>120% median	66,560	65.7%	12.0%
Unknown	17,966	10.4%	5.5%
 <b>Difference Between High and Very Low Tracts (percentage point difference)</b>			
<51% median		9.5	-8.9
51-80% median		19.2	-16.2
81-95% median		30.1	-20.8
96-120% median		27.4	-25.9
>120% median		30.3	-25.8
Unknown		-11.9	-24.2
 <b>Origination Rates for Carrollton</b>			
<51% median		17.0%	
51-80% median		24.0%	
81-95% median		24.4%	
96-120% median		52.2%	
>120% median		88.7%	
Unknown		12.8%	

**Table 4.4**  
**Analysis of Home Mortgage Disclosure Act Data**

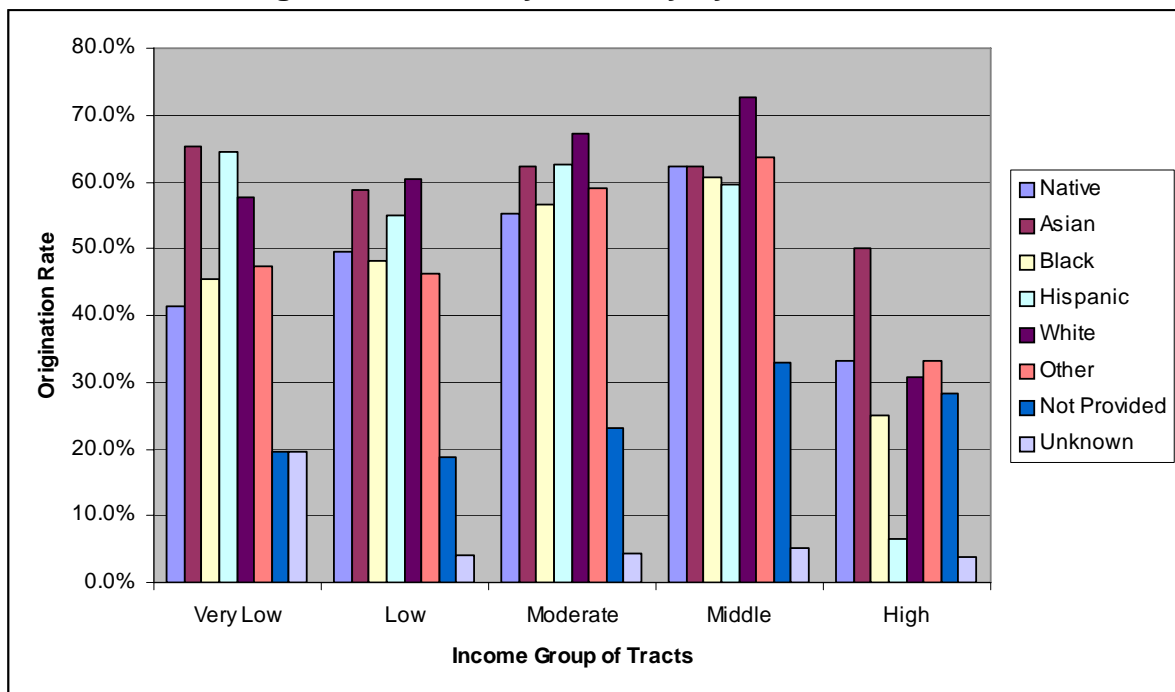
**HMDA Activity for Collin, Dallas, and Denton Counties, 1997 - 2006**

	<b># Apps.</b>	<b>% of Apps.</b>	<b>% Denied</b>	<b>% Orig.</b>
<b>Home Purchase Loans</b>				
Minorities	336,583	33.6%	45.8%	35.6%
White	591,357	59.1%	30.7%	49.0%
Not Provided	72,864	7.3%	18.8%	17.0%
<b>Home Improvement Loans</b>				
Minorities	112,328	33.7%	49.9%	38.0%
White	157,488	47.3%	24.4%	63.9%
Not Provided	63,444	19.0%	47.9%	21.5%
<b>Refinance Loans</b>				
Minorities	222,045	26.6%	29.7%	41.8%
White	378,273	45.3%	14.2%	66.1%
Not Provided	234,949	28.1%	33.0%	11.1%
<b>Income Groups</b>				
<b>&lt;51% MFI</b>				
Minorities	23,648	32.4%	50.3%	33.0%
White	40,618	55.6%	46.4%	38.2%
Not Provided	8,724	12.0%	57.6%	10.8%
<b>51 to 80% MFI</b>				
Minorities	61,533	34.2%	41.9%	40.3%
White	105,788	58.8%	37.2%	44.6%
Not Provided	12,695	7.1%	52.8%	15.4%
<b>81 to 95% MFI</b>				
Minorities	85,302	43.2%	39.5%	41.0%
White	104,221	52.8%	28.9%	52.0%
Not Provided	8,017	4.1%	45.4%	18.3%
<b>96 to 120% MFI</b>				
Minorities	77,046	37.6%	34.0%	45.5%
White	117,907	57.5%	24.9%	56.0%
Not Provided	9,935	4.8%	44.3%	21.1%
<b>&gt;120% MFI</b>				
Minorities	521,381	47.4%	27.1%	51.4%
White	535,064	48.6%	13.1%	68.2%
Not Provided	43,954	4.0%	34.0%	29.1%

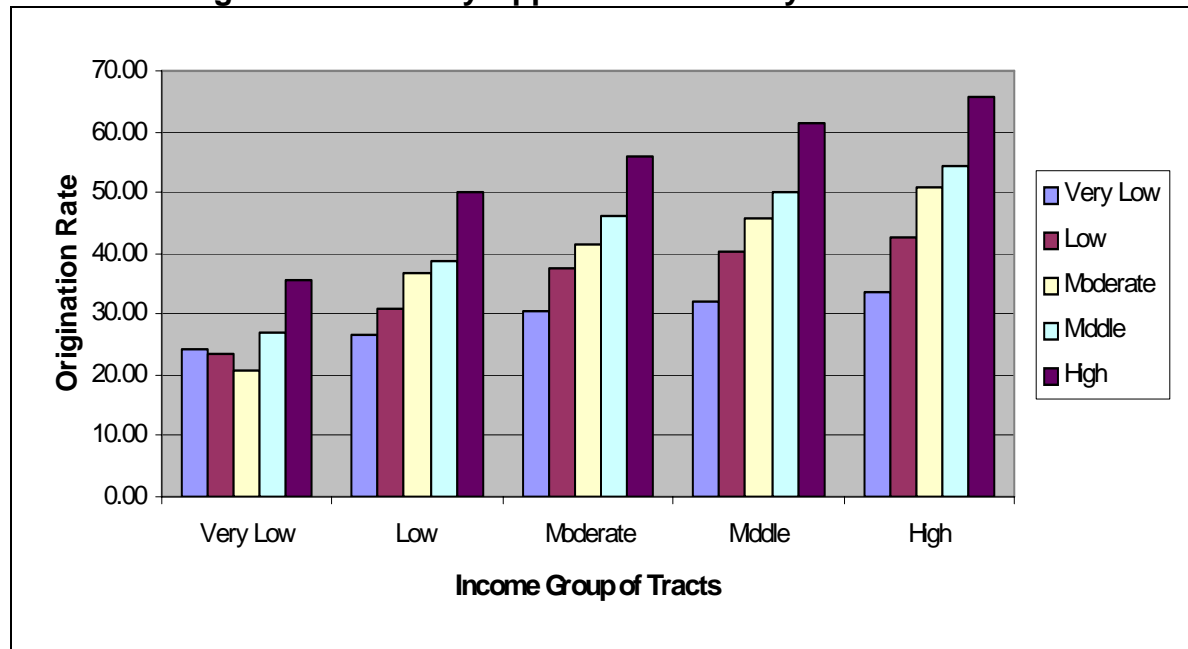
**Chart 4.1: Origination Rates by Loan Types by Income of Census Tracts**



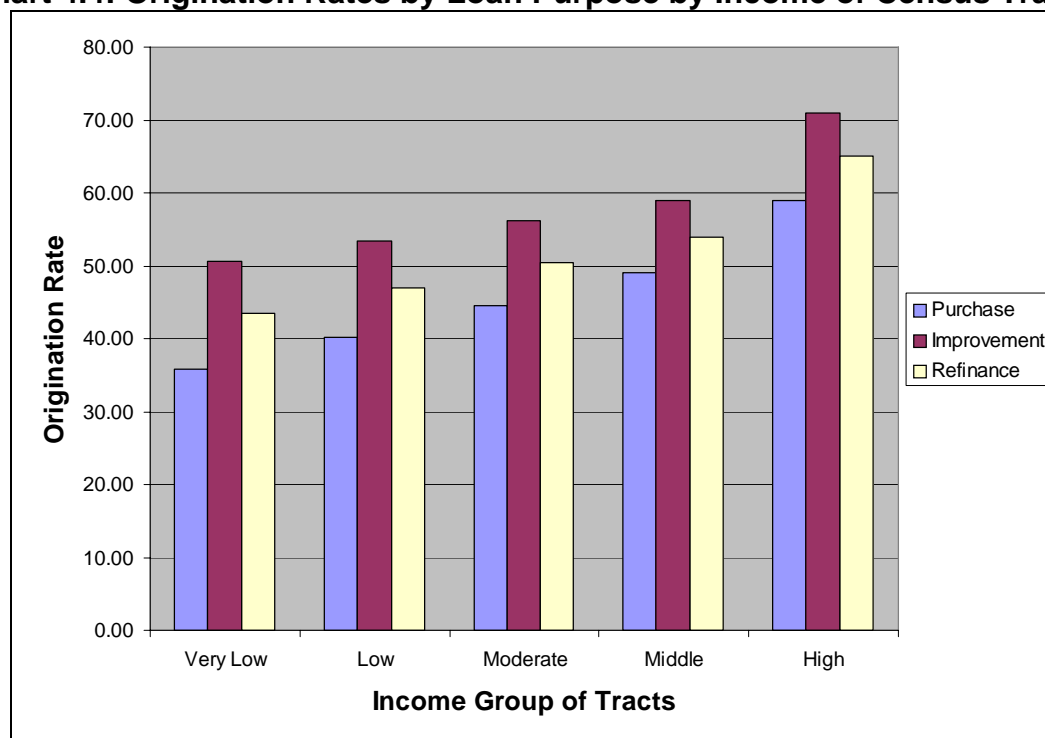
**Chart 4.2: Origination Rates by Ethnicity by Income of Census Tracts**



**Chart 4.3: Origination Rates by Applicant Income by Income of Census Tracts**

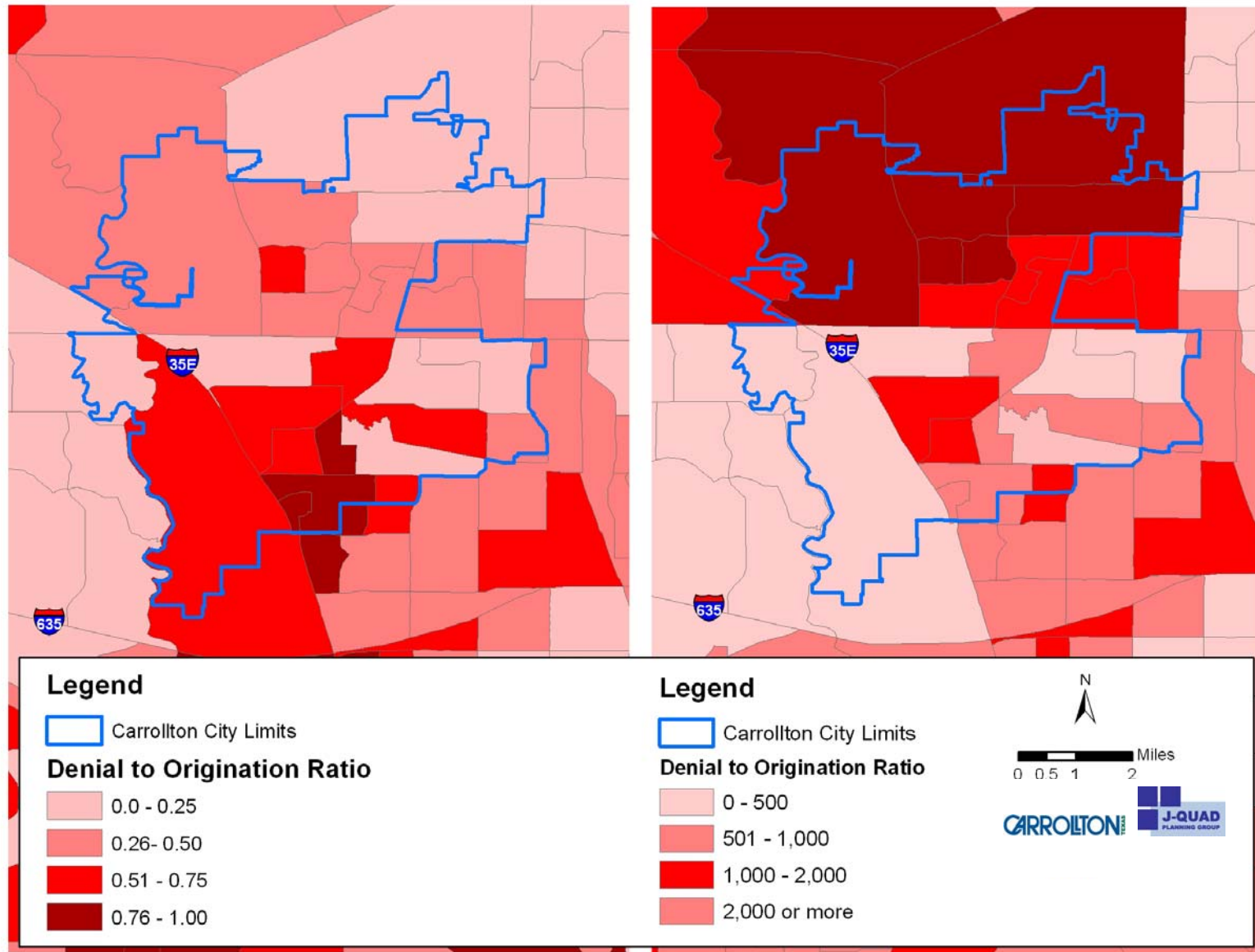


**Chart 4.4: Origination Rates by Loan Purpose by Income of Census Tracts**

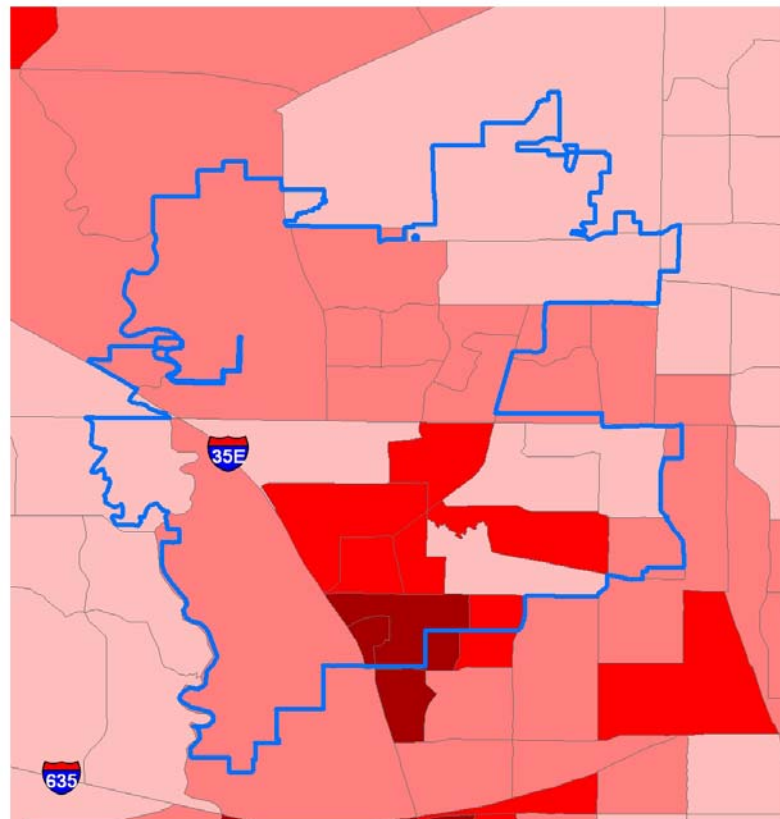


Map 4.1: Ratio of All Loan Denials to Originations, 1997-2006

Map 4.2: Total Number of Loan Applications, 1997-2006



Map 4.3: Ratio of Conventional Loan Denials to Originations, 1997-2006



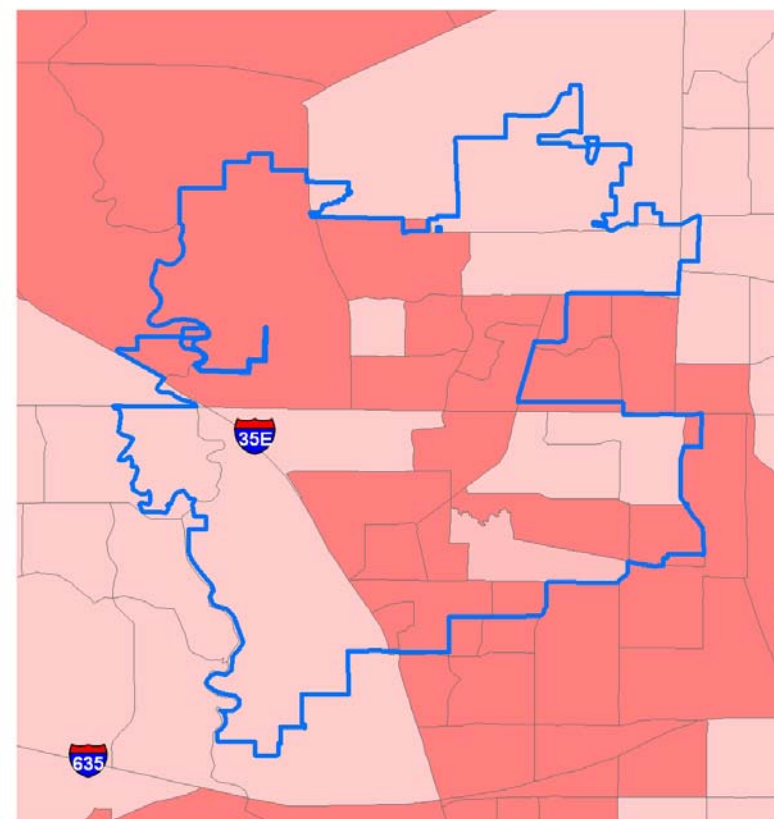
**Legend**

 Carrollton City Limits

**Denial to Origination Ratio**

 0.0 - 0.25  
 0.26 - 0.50  
 0.51 - 0.75  
 0.76 - 1.00



Map 4.4: Ratio of Government Backed Loan Denials to Originations, 1997-2006



**Legend**

 Carrollton City Limits

**Denial to Origination Ratio**

 0.0 - 0.25  
 0.26 - 0.50

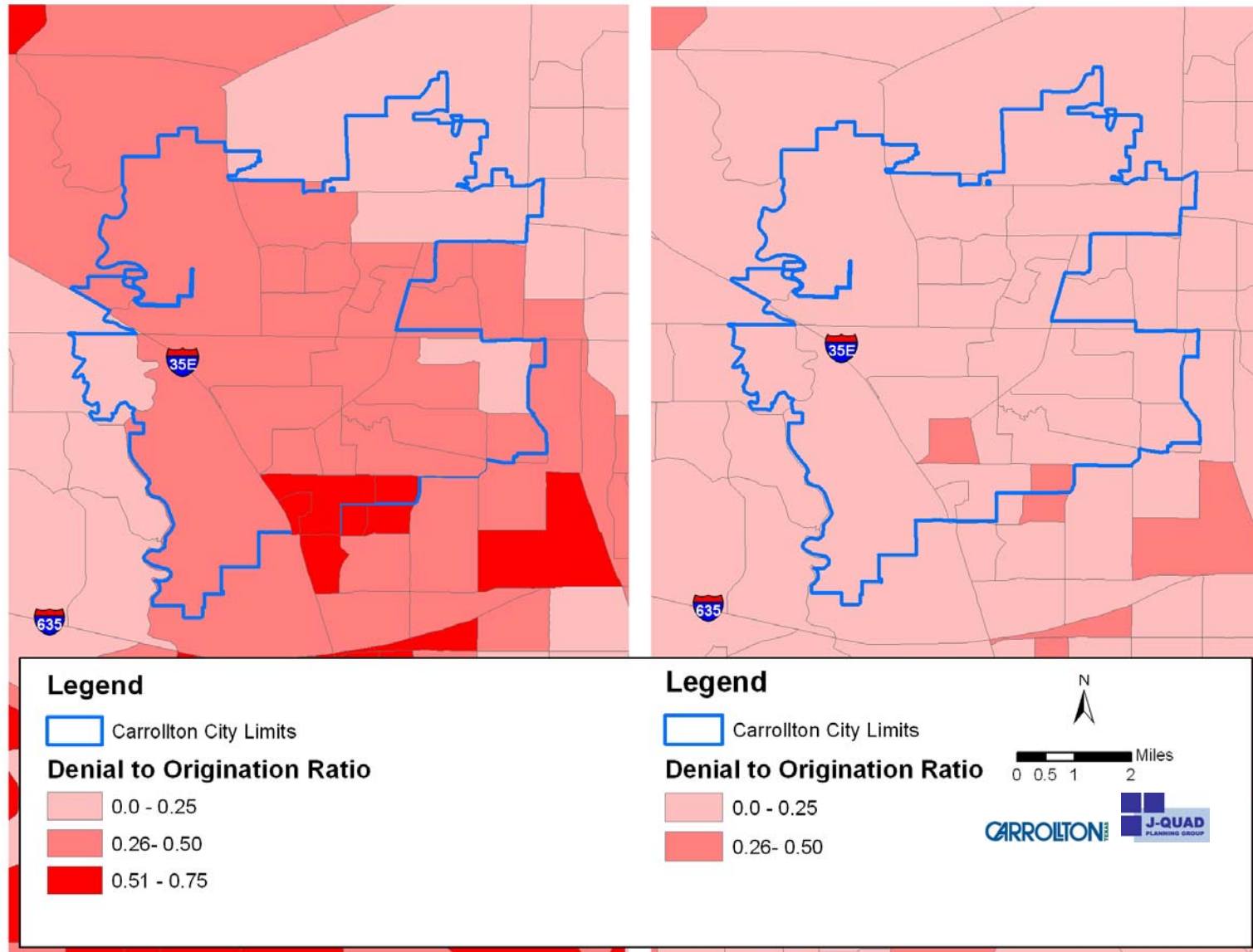


 Miles



Map 4.5: Ratio of Home Purchase Loan Denials to Originations, 1997-2006

Map 4.6: Ratio of Home Improvement Loan Denials to Originations, 1997-2006





## Section 5: Fair Housing Index

---

### Introduction

The Fair Housing Index is a measure developed specifically for Analyses of Impediments to Fair Housing. The index combines the effects of several demographic variables with Home Mortgage Disclosure Act (HMDA) data and maps the results by census tract. Data for ten variables, shown in the Fair Housing Index table are standardized and added to classify the conditions in various census tracts into degree of problems that may cause impediments to fair housing choice. The map provides a general indication of geographic regions within Carrollton where residents may experience some level of housing discrimination or have problems finding affordable, appropriate housing. The discussion is highly technical and contains statistical techniques that may be beyond the statistical experience of some readers.

### 5.1. Methodology

Data for ten variables were gathered, by census tract, for analysis. These ten variables were: percent minority, percent female-headed households with children, median housing value, median contract rent, percent of the housing stock constructed prior to 1960, median household income, percent of the population with less than a high school degree, percent of the workforce unemployed, percent using public transportation to go to and from work, and the ratio of loan denials to loan originations for 1997 through 2006 from the Home Mortgage Disclosure Act (HMDA) report published by the Federal Financial Institutions Examination Council. With the exception of the HMDA data, all data were found in the 2000 U.S. Census of Population and Housing. Each variable contained data for every census tract in the city as defined by the 2000 U.S. Census.

When the database was complete, Pearson correlation coefficients (a statistical measure that indicates the degree to which one variable changes in relation to changes in another variable and range in value from  $-1$  to  $1$ ) were calculated to assure that all variables displayed a high relationship to each other. It is important, in this type of analysis, that the variables selected are measuring similar aspects of the population. The results of the calculations showed that all variables displayed moderate to high degrees of correlation with other variables in the model, ranging up to 0.8059.

Once the relationship of the variables was established, each variable was standardized. This involves calculating a Z-score for each record by variable. For instance, for the variable percent minority, a mean and standard deviation were calculated. The mean for the variable was subtracted from data for each census tract and divided by the standard deviation. The result was a value representing the distance that the data point lay from the mean of the variable, reported in number of standard deviations. This process allows all variables to be reported in the same units (standard deviations from the mean) and, thus, allows for mathematical manipulations using the variables.

When all variables were standardized, the data for each census tract were summed with negative or positive values given to each variable to assure that effects were being combined. For instance, in a fair housing environment, high minority concentrations raise suspicions that there may be problems relative to housing conditions and housing choices in the area based on correlations between these variables found in the census data. Therefore, the percent minority variable would be given a negative value. Conversely, in areas of high housing values, the current residents are likely not having problems with fair housing choice. High housing value, therefore, would be assigned a positive value. Each variable was considered in this light and assigned an appropriate sign, thus combining effects. This new variable, the total for each census tract, was then standardized as described for the original ten variables above.

The standardized form of the total variable provides a means of identifying individual census tracts where fair housing choice is at high risk due to demographic factors most often associated with housing discrimination. With the data presented in standardized form, the results can be compared to the standard normal distribution, represented by a bell curve with a mean of 0 and a standard deviation of 1. The analysis shows extreme problem areas as those census tracts with standard scores below  $-2.00$ . Scores between  $-1.99$  and  $-1$  are designated problem areas. Scores between  $-0.99$  and  $0$  are reported as below average and above  $0$  as above average. The results are summarized in the following section.

It should be emphasized that the data used to perform this analysis do not directly report fair housing violations. The data were utilized in order to measure potential problems based on concentrations of demographic groups who most often experience restrictions to fair housing choice. Areas identified as having extreme problems are those where there is a high concentration of minorities, female-headed households, unemployment, high school dropouts, low property values, and, most likely, are areas where a large proportion of loans (conventional home mortgages, FHA or VA home mortgages, refinance, or home improvement) have been denied.

Included following the map is the correlation table (Table 5.1). MedValue is the median home value according to the 2000 census. MedRent is the median contract rent. XMinority is the percent minority. XFemHH is the percent female-headed household. XPre60 is the percent of housing built prior to 1960. MedHHI is the median household income. XLessHS is the percent of the population 25 years of age and older that has less than a high school degree. XUnemp is the unemployment rate for the population aged 16 and older considered being in the labor force. XPubTrans is the percent utilizing public transportation to get to and from work. AllRat is the ratio of denials to originations from the HMDA data from 1997 to 2006.

## **5.2. Findings**

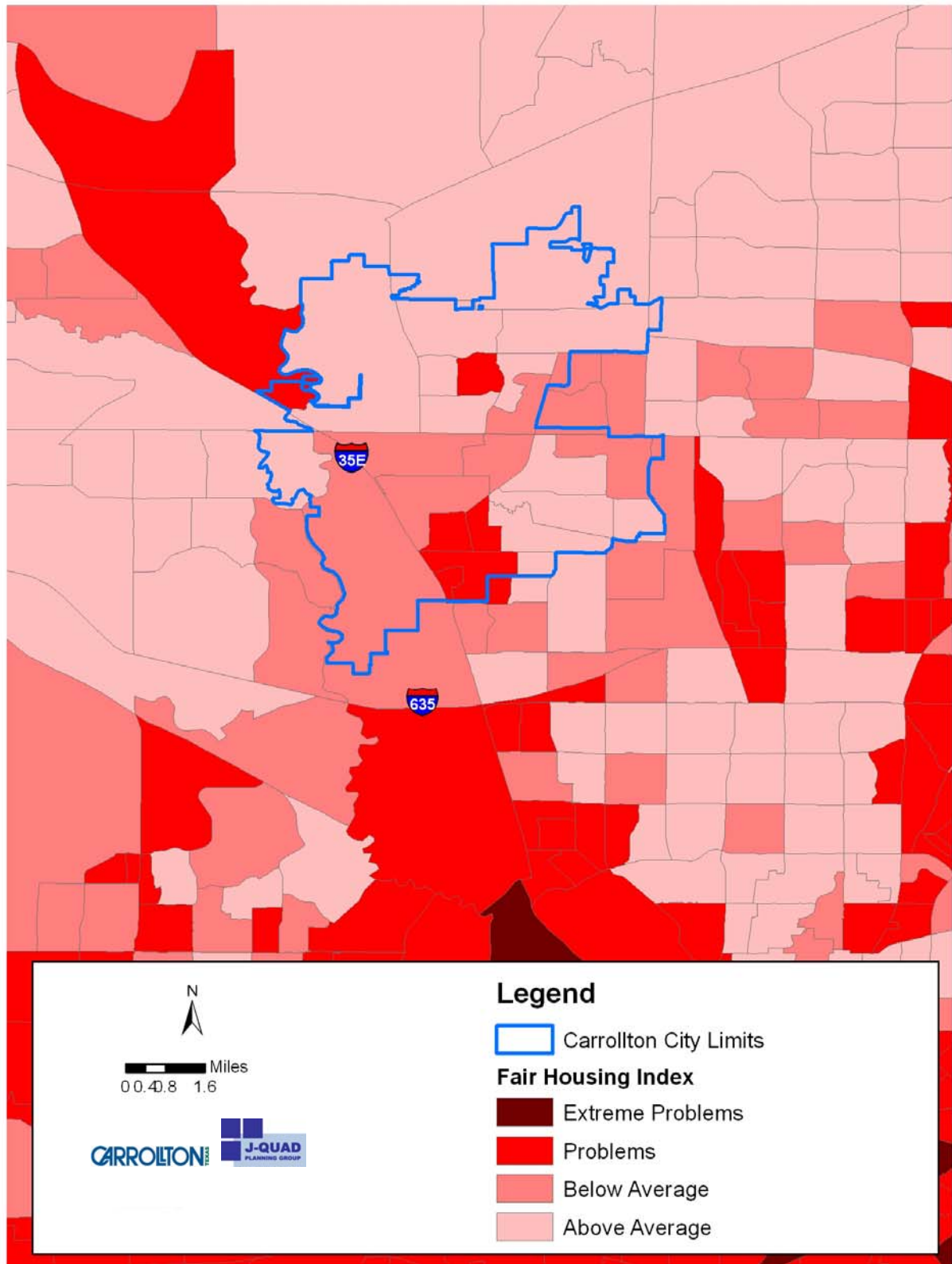
Looking first at the correlation table (Table 5.1), the correlation between percentage minority and percentage female-headed households with children is high and positive (0.7363); this correlation indicates that the minority community has a higher rate of female-headed households with children than the non-minority community.

As may be expected, the percentage not graduating from high school has a strong, negative correlation to median household income (-0.7224). Non-high school graduates live in much lower value housing, both owned (-0.7338) and rental housing (-0.5236). Persons holding less than a high school degree are also relatively highly correlated with persons designated as minorities (0.8059).

As indicated on Map 5.1, the census tracts designated as having problems are concentrated in the southern census tracts of Carrollton. The city does not have census tracts with extreme problems. The census tracts that indicate below average conditions are located in southern and eastern areas of the city.

These areas of greatest concern contain the oldest housing stock, most likely in poor condition, with lower housing values and rents, and are primarily occupied by minority households that have higher percentages of households headed by females with children than that of other census tracts or areas. There is a higher than average unemployment rate and lower than average level of educational attainment. These areas are also comprises of the largest concentrations of rental occupied housing.

**Map 5.1: Fair Housing Index**



## Table 5.1

Correlation Table of Index Variables

	AllRat	XPubTrans	XLessHS	XUnemp	MedHHI	XPre60	MedRent	MedValue	XMinority	XFemHH
AllRat	1.0000									
XPubTrans	-0.0168	1.0000								
XLessHS	-0.1294	0.8523	1.0000							
XUnemp	-0.0114	0.3271	0.4523	1.0000						
MedHHI	0.2227	-0.6760	-0.7224	-0.6321	1.0000					
XPre60	-0.2041	0.5110	0.5686	0.4673	-0.7095	1.0000				
MedRent	0.0035	-0.3176	-0.5236	-0.2351	0.4940	-0.3393	1.0000			
MedValue	-0.0367	-0.5828	-0.7338	-0.4814	0.7441	-0.3580	0.5907	1.0000		
XMinority	-0.0671	0.8749	0.8059	0.5234	-0.7610	0.6346	-0.4413	-0.6316	1.0000	
XFemHH	0.1782	0.5419	0.4499	0.3943	-0.4596	0.1977	-0.3623	-0.4085	0.7363	1.0000

Variable	Definition
XFemHH	% Female Headed Households, 2000
XMinority	% Minority, 2000
MedValue	Median Home Value, 2000
MedRent	Median Contract Rent, 2000
XPre60	% of Housing Built Prior to 1960, 2000
MedHHI	Median Household Income, 2000
XLessHS	% Less than High School Degree, 2000
XUnemp	% Unemployed, 2000
XPubTrans	% Taking Public Transportation to Work, 2000
AllRat	Ratio of Originations to Denials, All Loan Types, 1997 - 2006

## Section 6: Impediments to Fair Housing and Remedial Actions

---

### Introduction

This section draws on the information collected and analyzed in previous sections to provide a detailed look at fair housing impediments in Carrollton. Five major categories of impediments were analyzed: Real Estate Impediments; Public Policy Impediments; Neighborhood Conditions as Impediments; Banking, Finance, and Insurance Related Impediments; and Socioeconomic Impediments. For each impediment identified, issues and impacts are detailed. Remedial actions are suggested to address each impediment. Some of the remedial actions recommended in this section are conceptual frameworks for addressing the impediments. These actions will require further research, analysis, and final design by the City of Carrollton for implementation.

Evaluating fair housing is a complex process involving diverse and wide-ranging considerations. The role of economics, housing patterns, and personal choice are important to consider when examining fair housing. The study identified some issues relative to fair housing.

The City of Carrollton is a relative new recipient of Federal Community Development Block Grant Funds and does not yet receive a HOME program allocation. Most of their entitlement funding is currently dedicated to infrastructure which the City has deemed the highest priority in its eligible neighborhoods. The City plans to apply for State of Texas HOME Funds and if successful will initiate a first-time homebuyer mortgage assistance program to provide down payment and closing cost to eligible borrowers. We also encourage the City to consider expanding these efforts with its entitlement funds as a primary means of expanding fair housing choice. The impediments identified in this section can be directly linked to and supported by data and analysis from the previous sections. In some instances, footnotes have been provided as links to the corresponding sections should the reader need to refer to those sections for more details.

## 6.1 Real Estate Impediments

**Impediment:** Inadequate affordable housing supply.

**Issues:** According to the housing estimates by the North Central Texas Council of Governments (NCTCOG), Carrollton had 44,637 housing units in 2007. This represents an approximate increase of 14 percent or 5,501 units over the U.S. Census estimate of 39,136 housing units located within Carrollton in 2000. The NCTCOG estimate by housing type for 2007 was 30,701 (68.80%) single-family units, 13,594 (30.05%) multifamily units, and 342 (1.5%) other types of units in the city.

According to the 2000 census, less than one percent (.60) of Carrollton's housing units were built prior to 1950, 2.83 percent were built between 1950 and 1959, 6.98 percent were built between 1960 and 1969, 24.71 percent were built between 1970 and 1979, and the remaining 64.50 percent were built after 1979<sup>1</sup>. This means that the over 89 percent of the City's housing stock was built after 1969, a relatively recently built housing supply compared to many cities.

For the most part, the housing issues associated with the existing housing stock relate to older rental properties, the most distressed of which are concentrated along corridors closest to downtown and Beltline Road. The older rental properties consist of both multifamily and single family units, some of which were poorly constructed and others neglected and are now in need of repairs. This segment of the housing stock is currently occupied by low-income residents and is often owned by absentee landlords.

The housing issues also relate to the cost of housing and the lack of an adequate supply of affordable housing. According to the 2000 Census, the

---

<sup>1</sup> Table 1.9 Age of Housing Stock, Community Profile page 20



median home value for single-family housing in the City was \$124,000 and \$695 for the median rent<sup>2</sup>. According to the American Community Survey data, the median home value for the single-family houses in the city increased to \$159,100 and the median contract rent slightly decreased to \$689 in 2006. The average income required to qualify for a mortgage based on the year 2006 median home price of \$159,100 is approximately \$40,000 to \$45,000 in household income. When you factor in housing related expenses other than mortgage payments such as taxes, insurance, and utilities, home ownership is not attainable to many in the City with approximately 31.29 percent of White person households, 41.06 percent of African American households, 41.87 percent of Asian households, and 53.96 percent of Hispanic households earning less than \$50,000 in annual income. We therefore have identified a shortage of affordable housing in standard condition as a primary impediment in Carrollton. The City's Environmental Services Department's housing initiatives serve a small percentage of the overall needs of the population of very low, low, and moderate-income families.

A wide range of interconnected issues influence the development of affordable housing. These issues include the rapidly rising cost of land, materials, and construction; development fees; or the investment needed to rehabilitate substandard housing. This combination of rising costs and the lack of affordability for lower income groups, elderly and renters have made attainable housing harder to secure. Focus group participants voiced particular concern that the supply of affordable homes for working families were in short supply in the areas where they are needed which is only adding to the overall affordable housing shortage.

**Impacts:** Affordable housing impacts the structure and stability of neighborhoods. Income diversified neighborhoods and neighborhoods that

---

<sup>2</sup> Community Profiles page 19

are accessible to a mix of incomes have shown a greater potential to maintain themselves as a viable community. That is, people are most likely to maintain housing they own or when it is their housing of choice. In 2000, there was a five percent increase in persons owning their own homes<sup>3</sup>. However, despite increases in the city's overall homeownership rate, some households still lack sufficient income to buy housing of their choice in Carrollton or in areas of the City they desire to live. The lack of income to buy housing limits housing choice and, to the extent that household income correlates to housing value, this limitation is even greater<sup>4</sup>. The Census data reveals higher percentages of minorities fall into lower income groups whose household incomes are insufficient to qualify for the median priced home in Carrollton<sup>5</sup>. An analysis of household income and cost burden suggests that there is a strong need for additional affordable housing in the City. Without adequate affordable housing lower income and minority households have shown higher incidents of cost burdened with regard to their monthly mortgage (principal, interest, taxes, insurance, and utilities) or rent payments<sup>6</sup>.

**Remedial Actions:** Carrollton should work with local banks, developers and non-profit organizations to expand the stock of affordable housing. Attention should be given to increasing the production of new affordable housing units and assistance toward the purchase and renovation of housing in existing neighborhoods. Greater emphasis should also be placed on capacity building and technical assistance initiatives aimed at

---

<sup>3</sup> According to the 2000 Census the homeownership rate for the City of Carrollton was 65.59 percent, an increase of 9 percent over 1990's homeownership rate of 56 percent (page 19 of the Community Profiles).

<sup>4</sup> Fair Housing Index Table 5.1 on page 75, shows a strong correlation between lower income groups relative to housing values and rents.

<sup>5</sup> According to the 2000 Census, Table 1.3 page 11, about 16.55 percent of White households, about 22.68 percent African-American households, and 33.53 percent of Hispanic households earned less than \$35,000 in 2000.

<sup>6</sup> According to Comprehensive Affordability Strategy (CHAS) data, Table 1.10 on page 27 of the Community Profile in year 2000, 79.4 percent of low-income renter-occupied households are 30% cost burden, and 69.1 percent of low-income owner-occupied households paid more than 30% of their household income on housing expenses. Also 21.7 percent of low income renters and 42 percent of homeowners paid more than 50 percent of their income for housing expenses.

expanding non-profit, faith based organizations and private developers' production activities in the City. 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.

It is recommended that the City aggressively seek resources and explore opportunities to implement a first time homebuyer mortgage assistance program. This would support eligible person in the market in acquiring affordable housing within the community and support those responsible for providing financing and engaged in affordable housing development.

In an effort to expand local resources, we also recommend that the City Planning Staff lead an effort to research and consider one particular policy change, inclusionary zoning, as one alternative means of promoting balanced housing development. Inclusionary zoning has been used in other communities to ensure that some portion of new housing development is affordable. This becomes important as higher income individuals move into a neighborhood. As housing prices rise, low to moderate-income residents may be displaced without the use of Inclusionary Zoning which helps to create mixed-income communities. Mixed-income communities broaden access to services and jobs and provide openings through which low-wage earning families can buy homes in appreciating housing markets and, as a result, accumulate wealth.

**Inclusionary Zoning**, also known as **inclusionary housing**, can be implemented by enacting provisions in the local Zoning or Development Ordinances that require a given share of new construction houses be affordable to people with low to moderate incomes. The term *inclusionary* zoning is derived from the fact that these ordinances seek to counter *exclusionary* zoning practices which aim to exclude affordable housing

from a jurisdiction through the zoning code. In practice, these policies involve placing restrictions on 10% - 30% of new houses or apartments in a given development in order to make the costs of the housing affordable to lower income households. The mix of "affordable" and "market-rate" housing in the same neighborhood is seen as beneficial by many, especially in jurisdictions where housing shortages have become acute. Inclusionary Zoning is becoming a common tool for local jurisdictions in the United States to help provide a wider range of housing options than the market provides on its own. The zoning code must be amended to include this provision and can also be applied when residential planned unit development zoning is requested. Implementation is triggered at the building permitting phase. Inclusionary Zoning could increase the resources for affordable housing through private developer built units or developer dollars allocated in lieu of building units. Inclusionary Zoning could also generate additional resources for affordable housing since the federal grant programs cannot address all of the City's needs for affordable housing. Based on the current level of build out in the City and limited development opportunities, it is recommended that the City consider Inclusionary Zoning in its future development plans.

**Inclusionary Zoning Ordinances** vary substantially between jurisdictions. These variables can include:

- Mandatory or voluntary ordinance. While many cities and counties require inclusionary housing, many more offer zoning bonuses, expedited permits, reduced fees, cash subsidies, or other incentives for developers who voluntarily build affordable housing.
- A percentage of units dedicated as inclusionary housing. This varies quite substantially between jurisdictions, but appears to range between 10-30%.
- Minimum size of development that the ordinance applies to. Most jurisdictions exempt smaller developments, but some require that even

developments incurring only a fraction of an inclusionary housing unit pay a fee.

- Whether inclusionary housing must be built on site. Some programs allow housing to be built nearby, in case of hardship.
- Whether fees can be paid in lieu of building inclusionary housing. Fees-in-lieu allow a developer to "buy out" of his/her inclusionary housing obligation. This may seem to defeat the purpose of inclusionary zoning, but in some cases the cost of building one affordable unit on-site could purchase several affordable units off-site.
- Income level or price defined as "affordable," and buyer qualification methods. Most ordinances seem to target inclusionary units to low- or moderate-income households, earning approximately the regional median income or somewhat below. Inclusionary housing typically does not create housing for those with very low incomes.
- Appearance and integration of inclusionary housing units. Many jurisdictions require that inclusionary housing units be indistinguishable from market-rate units, but this can increase costs.
- Longevity of price restrictions attached to inclusionary housing units, and allowable appreciation. Ordinances that allow the "discount" to expire essentially grant a windfall profit to the inclusionary housing buyer, preventing that subsidy from being recycled to other needy households. Therefore, many programs restrict annual price appreciation, often tying it to inflation plus market value of home improvements, striving to balance the community's interest in long-term affordability with the homeowner's interest in accruing equity over time.

The City, in coordination with the Chamber of Commerce, should encourage major employers and lenders to design and implement Employer-Assisted Housing (EAH) programs, encouraging employers to work with employees in their efforts to purchase housing. In some instances, the City and the Chamber will have to help raise the awareness

among local employers and increase their understanding that not all wage levels permit ready entry into homeownership, without some sort of subsidy. This is important in that the private sector and employment community often view the use of subsidies to help low to moderate income households achieve homeownership as a public responsibility. In reality, with limited resources, the city government can only assist a small percentage of those in need. The Chamber can play a critical role in researching this issues and encouraging local businesses, Carrollton School System, universities and local hospitals to implement such programs for their employees. Employer-Assisted Housing programs benefit employers, employees, and the community. Employers benefit through greater employee retention. Employees receive aid to move into home-ownership. Ultimately, communities benefit though investment in the neighborhoods where the employers and employees are located. The most common benefits provided by employers are grants, forgivable loans, deferred or repayable loans, matched savings, interest-rate buy downs, shared appreciation, and home-buyer education (provided by an employer-funded counseling agency). Successful EAH programs use a combination of some of the benefits listed above. One program that has met with success was developed by Fannie Mae, which not only has their own EAH program, but also helps employers implement EAH programs. Fannie Mae's own EAH program has made it possible for 2,200 of its employees to become homeowners. Seventy-six percent of all Fannie Mae employees own their own homes, compared with a national average of 68 percent.

## **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.

**Issues:** The City of Carrollton does not have local Fair Housing Legislation and therefore is unable to provide enforcement locally that is substantially equivalent to that afforded under the Federal Law. The City currently refers complainants to the Regional HUD office in Fort Worth, Texas and HUD provides the investigation and enforcement. While the current system provides an acceptable process for filing and investigating fair housing complaints, enacting local legislation would be an important step toward establishing more effective local Fair Housing Policy.

Fair housing complaint information was received from the U.S. Department of Housing and Urban Development. The data provides a breakdown of complaints filed for Carrollton from January 1, 2002 through December 31, 2007. Nineteen complaints were filed according to one or more of seven bases, including; National Origin, Color, Religion, Familial Status, Handicap, Sex, and Race. Of the 19 complaints, all cases were closed with a satisfactory resolution however it appears that all but three cases failed to substantiate violations of the law. Fourteen cases were closed with a no cause determination. This means that justification for the complaint was not applicable to the Fair Housing Law. Three cases were closed because the complainant withdrew the complaint after the resolution. Two cases were closed due to the lack of cooperation from the complainant. One case was closed because the complainant could not be located.

The 19 HUD reported complaints for Carrollton is a relatively low number of complaints for five years. While we were unable to determine what factors attributed to the low number of complaints, we are concerned that the public's lack of awareness relative to their fair housing rights may be a major contributor. This was supported by observations during focus group session and collected during the interview process.

**Impacts:** Most communities benefit greatly from having local fair housing law, local enforcement, marketing and outreach. The City of Chattanooga, Tennessee recently applied and received FHAP and FHIP funding from HUD for its Fair Housing Commission to enhance its program and local enforcement and outreach. With little knowledge of their rights, potential buyers or tenants may not realize that their rights have been violated or how to seek remedies offered by federal and state enforcement agencies.

**Remedial Actions:** The City should consider increasing its fair housing education and outreach efforts. With limited funding available from the CDBG Grant currently, the City may consider general fund dollars for this activity as well. Other alternatives include enacting a local Fair Housing Ordinance which would qualify the City to apply for federal funds for investigation and enforcement and expansion of outreach and education. We do not recommend this approach at the current time due to the jurisdiction's limited experience with housing programs and fair housing issues and its limited resources from CDBG. However, the City could enact a local ordinance, and then undertaking local investigation and enforcement in conjunction with other local jurisdictions or regional in scope until the City builds its individual capacity. A regional or joint approach with other cities may be more cost effective and could also qualify for funding and technical assistance from the U.S. Department of Housing and Urban Development. HUD offers competitive grants under its Fair Housing Initiatives Programs. Fair Housing Initiative Funding (FHIP) -



assists projects that inform the public about the rights and obligations under the Fair Housing Act and substantially equivalent state and local fair housing laws. Under this Initiative, the local jurisdiction must develop a complaint referral process so that activities funded under this Initiative will result in referrals to HUD of fair housing complaints and other information regarding possible discriminatory housing practices. Eligible applicants are QFHOs; FHOs; public or private, for-profit or not-for-profit organizations or institutions or other public or private entities that are formulating or carrying out programs to reduce discriminatory housing practices; agencies of State or local governments; and agencies that participate in the FHAP. Fair Housing Assistance Program (FHAP) – assists nonprofit and tax exempt entities with funding for fair housing enforcement, investigation and testing services. More information can be found on HUD's website including application information and deadlines. Applications are available periodically through federal solicitations with estimated award funds of \$18.1 million available in previous years. These grant funds can be used to hire staff to receive and investigate fair housing complaints. While the Federal and State government provides investigation and enforcement support to the entire state, it would be beneficial for the City to establish their own to supplement those efforts. Carrollton would benefit being able to quickly respond to fair housing issues before they are taken to a state or federal level. The City should target some of its fair housing education and outreach to the rapidly growing Hispanic and immigrant populations. The City should organize fair housing workshops or information sessions to increase awareness of fair housing rights among these populations, who are more likely to be entering the home-buying or rental markets.

### **6.3 Banking, Finance, Insurance and other Industry related impediments**

**Impediment:** Impacts of the Subprime Mortgage Lending Crises and increased Foreclosures.

**Issues:** The housing foreclosure rates across the country continue to soar and the impacts are being felt in Texas as well. Numerous web sites are providing numerical counts and locations for homes with foreclosure filings across the country and for jurisdictions in the State of Texas. RealtyTrac.com lists the State of Texas in the top five states with the most foreclosures as of July 2008 with 91,137. The web site of ForeclosuresToGo.com list 1963 properties for foreclosure in Denton County and 5105 for Collin County. RealtyTrac.com shows 403 properties with Carrollton zip codes in various stages of foreclosure for that same period.

The rise in foreclosures may relate to the rise and fall of subprime lending market. Subprime lenders offer loans to less-creditworthy borrowers, borrowers that lack sufficient down-payments to afford the property, and risk based borrowers that speculate on the real estate market by acquiring real estate with no equity investment/down-payment in hopes that the property will appreciate in value over a short period of time. These loans are generally offered at higher interest rates or through products involving adjustable interest rates and balloon payments. When the borrower cannot meet the increased mortgage payment they default and the property goes into foreclosure.

Neighborhood Housing Services, NHS, and Neighbor Works America are two national housing intermediaries that have created innovated programs

in Chicago, Baltimore, and New York City designed to reduce the impacts of foreclosures and subprime lending in those affordable housing markets.

**Remedial Actions:**

The City of Carrollton is currently pursuing a first-time homebuyer grant. Some of the buyers that will be eligible for these funds will likely face issues of foreclosure. The City should consider expanding its program efforts to consider initiatives that reduce mortgage defaults and foreclosure rates among low and moderate income homebuyers.

The City should work with the State, National Non-Profit Housing Intermediaries and HUD to develop a program and identify funding that can help reduce the mortgage default rate and foreclosure rates among low and moderate income homebuyers and existing home owners. The program should consider the following as features of such an initiative.

Develop a loan default prevention program based on providing counseling to affected borrowers, assistance with identifying alternative products that helps borrowers avoid subprime lending, and assistance with re-negotiation for more favorable terms for borrowers with subprime loans. This program would identify government assistance programs that also serve to assist distressed borrowers.

Evaluate the feasibility of creating a maintenance and replacement reserve account for affordable homebuyers assisted with the City's federal funds to insure that funds are escrowed to help cover the cost of major repairs.

Evaluate the feasibility of creating a mortgage default and foreclosure prevention account for affordable homebuyers assisted with federal funds

to insure that funds are escrowed to help cover the cost of unexpected income/job loss and to write down interest rates.

Evaluate the feasibility of creating and implement post purchase support programs in conjunction with non profit development partners to provide housekeeping and preventive maintenance training, and organize neighborhood programming such as associations, crime watch and other initiatives aimed at strengthening and maintaining neighborhood stability.

**Impediment:** Low number of loan applications from minorities.

**Issues:** A look at the Home Mortgage Disclosure Act data for Carrollton indicates that the overall experience of minority groups within the home mortgage loan market differs from that of Whites. We recognize that removal of this impediment is not solely within the control of the government, and that finance industry policies, consumer credit worthiness, and economic trends all impact this issue. However, it is possible that the City could play a dual role of providing programming and leadership to help resolve the problem. The continuing disparity between the loan origination rates among White applicants and minorities, and the extent to which the aforementioned factors contribute to their denial rates must be addressed. This is evidenced in our HMDA analysis that shows Hispanics, Asians and African Americans accounting for the second, third, and fourth highest percentages of the City's population in year 2000 at 19.5 percent, 11 percent, and 6.3 percent respectively, but their percentages of home loan originations were much lower compared to their percentage of population in the City.<sup>7</sup> In 2000, Whites were 71.9 percent of Carrollton's population, and accounted for 34,814 home loan applications and 74.1 percent of total originations. This compared to 2,783

---

<sup>7</sup> HMDA Table 4.2 page 63

applications for Hispanics and 5.9 percent of total originations, 2,529 applications for Asians and 5.4 percent of originations, and 1,901 applications for African Americans and 4.0 percent of total originations. Origination percentages for all types of home loan applications combined, including refinance and home improvements, were higher for Whites when compared to minority applicants.<sup>8</sup> It should be noted that as of 2006, there have been even further increases in the minority population as a percentage of Carrollton's total population, widening the disparity in lending.

**Impacts:** The lower percentage of loan applications among minority groups and lower income households indicates that fewer minority households are purchasing homes or improving housing conditions. Disparity in lending practices suggests that a higher proportion of Hispanic and African American households will remain renters, thereby limiting the potential for these citizens to build equity through homeownership opportunities. Higher percentages of lower income groups and minority households also tend to live in older housing stock in the City. A lack of home improvement loans and a higher percentage of renters among low income households in minority concentrated areas suggest that persons living in such areas are not likely to receive improvements to the home they are living in and therefore more likely to be living in substandard housing. This leads to the further deterioration of the housing stock and the evolution of minority concentrated neighborhoods. These factors combined reduce the chance that a neighborhood sustain itself and its resident can provide the homeowner and rental maintenance necessary to maintain stable neighborhoods.

---

<sup>8</sup> HMDA Analysis Table 4.4 page 65, which compared all loan purposed applications by race and ethnicity resulted higher origination rate for White applicants compared minorities.

**Remedial Actions:** Carrollton should continue its homebuyer outreach and education efforts in order to increase the number of minorities who apply for mortgage loans. The City should encourage financial institutions and mortgage companies to expand their homebuyer support services to more people as a means of improving the origination rates among minorities. The City could help raise the awareness of this concern by discussing the findings in this study relative to the HMDA data with lending institutions and by encouraging lenders to develop strategies to improve the success rate among minority loan applicants.

Financial literacy is an important factor in the successful management of personal finances, which sets the stage for all of life's important purchases such as house, car, etc. A well ordered personal budget prepares households to qualify with the best credit terms, eliminates the major obstacles in the home buying process, and enables households to build equity through homeownership. An early start in managing personal finances can prepare an individual for those major purchases. Carrollton should encourage lenders and the Carrollton Farmers Branch ISD to expand homeownership and credit counseling classes as part of the high school curriculum in order to help prevent credit problems rather than attempting to correct credit profiles in order to successfully qualify an applicant for a home loan origination.

One example is a program launched by the Texas Credit Union Foundation, the Texas Cooperative Extension, and the National Endowment for Financial Education (NEFE) on March 29, 2007 in Dallas, Texas. Project NEFE is part of a statewide collaborative initiative to bring the accredited High School Financial Planning Program along with comprehensive training to schools across Texas, all free of charge. Signed into law in 2005 by Gov. Rick Perry, House Bill 492 by Rep. Beverly Woolley (R-Houston), requires school districts and open-

enrollment charter schools to incorporate instruction in personal financial literacy beginning with the 2006-2007 school years. The National Endowment for Financial Education (NEFE) has provided both leadership and funding for this effort. The NEFE curriculum will be used by participating Texas schools and that curriculum meets the learning objectives and standards approved by the Texas Education Agency and State Board of Education to meet the requirement.

Since 1984, The National Endowment for Financial Education (NEFE) has been addressing youth financial literacy with the nationally known NEFE High School Financial Planning Program® (HSFPP). The HSFPP consists of a seven unit student manual, instructor's guide that offer a large, continually growing collection of resources, articles, and financial tools for teachers, students, and parents. To learn more about the HSFPP, visit <http://hsfpp.nefe.org>. Unit Include:

- Your Financial Plan: Where It All Begins
- Budgeting: Making the Most of Your Money
- Investing: Making Money Work for You
- Good Debt, Bad Debt: Using Credit Wisely
- Your Money: Keeping It Safe and Secure
- Insurance: Protecting What You Have
- Your Career: Doing What Matters Most

The City should help raise awareness of this issue including dialogue with the school district about evaluating the NEFE funding as a possible source of financing for credit education programs in City schools. Continued emphasis should also be placed on homeownership and credit education provided through bilingual instructors and counselors and as a part of the English as a second language (ESL) program.

**Impediment:** Predatory lending and other industry practices.

**Issue:** Predatory lending practices continue to be a widespread concern in Carrollton. Several cases were cited, by persons interviewed and those

attending the focus group sessions, suggesting unfavorable lending practices<sup>9</sup>. In many of the minority neighborhoods, lending institutions display an insignificant presence in the community. In some instances, banks appear to have steered away from locating and investing in low-income census tracts, which makes it inconvenient for area residents to conduct business. In many low-income neighborhoods, traditional banking and lending relationships have been relegated to an overabundance of pay-day loan, check-cashing, and title-loan stores due to a lack of traditional lending institutions. Focus Group participants also complained of extremely high interest rates being charged by not only neighborhood predatory lenders, but traditional banks and financial institutions for credit cards, auto loans, and other consumer loans. In some instances, the low-income population may be subject to predatory lending because they have a poor credit rating and limited credit history.

Appraisers and builders participating in the Focus Group sessions and interviews reported that recent homes built in minority concentrated areas are sometimes priced lower than comparable units in other areas based on industry appraisals. In other instances, participants were concerned with underwriting criteria used by lenders, failure to adjust ratios or provide funding with more favorable terms, or simply the influences of the foreclosure rates and sub prime lending on mortgage approvals and higher private mortgage insurance for small loans.

**Impact:** Predatory lending practices often result in a lower-income household losing their home, automobile or other collateral. In some cases, Focus Group participants cited instances where homeowners who had already paid off their original mortgage were losing their home when used as collateral on a loan for a small fraction of the home's value. With a lack of access to local banks and credit unions and low approval rates

---

<sup>9</sup> Focus Group Sessions pages 51-52



when submitting loan applications to traditional lenders, residents are more likely to utilize the services of subprime lenders and check-cashing stores that may charge exorbitant interest rates and have severe default penalties. Predatory lending may further impair an individual's credit and monopolize more of a low-income person's monthly income with high interest rates and finance charges, leaving less money for housing and necessities. Consumers felt that they had little recourse to address adverse industry practices that impact their housing choice.

**Remedial Actions:** The City should encourage lending institutions to build banking centers in low-income census tracts and to provide greater outreach to the low income and minority communities. Greater emphasis on establishing or reestablishing checking, saving, and credit accounts for residents that commonly utilize check-cashing services is desired. This may require traditional lenders and banks to establish “fresh start programs” for those with poor credit and previous non-compliant bank account practices. Lending institutions should therefore be encouraged to tailor products to better accommodate the past financial deficiencies of low income applicants with credit issues.

City Officials should help raise awareness among the appraisal industry concerning limited comparability for affordable housing products. Industry representatives should be encourage to perform comparability studies to identify real estate comparables that more realistically reflect the values of homes being built in low income areas and areas that have limited product on the ground that can be used for comparison in establishing real estate values.

## 6.4 Socio-Economic Impediments

**Impediment:** Poverty and low-income among minority populations.

**Issues:** For many households, low or no income is a major factor preventing their exercise of housing choice. Minority populations in the City as a whole and minority concentrated area of the City are confronted with even higher percentage of their population living in poverty than Whites<sup>11</sup>. The 2000 Census shows a poverty rate of 2.93 percent for White households, while African American and Hispanic households in the City had poverty rates of 5.56 percent and 15.53 percent respectfully. Of equal concern is the poverty rate for households with children under the age of five years. The poverty rate for households with young children was 8.58 percent for African Americans, 19.11 percent for Hispanic, and 3.86 percent for White children under the age of five. Household income for minority populations in the City were also low disproportional to that of White households. In 2000, 13.03 percent of African American households had incomes below \$25,000 compared to 18.52 percent for Hispanics and 9.53 percent for Whites<sup>12</sup>. As some of the lower-income areas revitalize, many homes will be priced above any reasonable rate for purchase or rent by these households. Additionally, as property values rise, minorities' housing choices tend to be even more limited to areas with the oldest housing stock.

Factors such as family size, education and job skill levels, and unemployment are also major contributors to the plight of these households.

---

<sup>11</sup> Table 1.4 Poverty status by Race on page 13 of the Community Profiles

<sup>12</sup> Table 1.3 Household Income by Race on page 11 of the Community Profiles

**Impacts:** Households experiencing a severe lack of income and those unemployed typically must accept housing in the poorest areas of town. Housing tends to be segregated by income class and sometimes by race or ethnicity, where the housing stock is most likely in poor condition, there are higher reported incidents of criminal activity, and opportunities for improving a person's quality of life are low. Children from these households grow up in an environment that sometimes dooms them to replicate their community's living standards, continuing the cycle of poverty for generations to come. Focus group participants voiced a perception that certain areas of the City are home to a disproportionate number of low-income persons, living in substandard multifamily housing developments. Participants indicated that the concentration of poverty is not only a concern with regard to social equity and the plight of renters, but poverty is also having a significant impact on the condition and quality of single family housing in the neighborhoods where there are high concentrations of home owners. In areas where a majority of homeowners cannot afford routine maintenance, poor housing conditions may quickly become the prevalent state of affairs. Lack of job opportunities and lack of sufficient income to afford decent housing were cited as concerns. Both crime and perception of crime were discussed as critical issues that are hindering some residents from living in various areas of Carrollton.

**Remedial Actions:** The Chamber of Commerce should 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 whose aim is to reduce unemployment and expand the base of higher income jobs. A particular emphasis should be to recruit jobs that best mirror the job skills and education levels of those populations most in need of jobs. For Carrollton, this means jobs

that support person with high school education, GED's and in some instances, community college or technical training. These persons are evident in the workforce demographics and in need of jobs paying minimum wage to moderate hourly wages. The City should also continue to support agencies that provide workforce development programs and continuing education courses to increase the educational level and job skills of residents. The goal should be to increase the GED, high school graduation, technical training, and college matriculation rates among residents. This will help in the recruitment of industry such as "call centers", clerical and manufacturing jobs. Call centers and customer service centers where employees are recruited to process sales or provide customer service support for various industries, have become more and more attracted to areas with similar demographics to that of Carrollton. The combination of lower priced land, government incentives for relocation and the workforce to support their industries, have all become incentives in recent years.

The Aflac Insurance Company is a great example of a "call center operation" that relocated to a smaller city, and is making a difference by dramatically expanding employment in Columbus, Georgia for persons from similar demographic groups to those most in need of jobs in Carrollton. In 1998, Aflac opened its Computer Service Center housing 600 employees. In 2001, the company opened its Corporate Ridge office, a 104-acre development housing the company's claim processing and call center operations. Aflac is currently developing a new phase of the expansion, slated for completion in 2007, which will add 90,000 square feet to the existing Paul S. Amos Corporate Ridge campus building located in Columbus. Once all the phases of the expansion are complete, Aflac will have built 340,000 square feet of additional office space for a total of more than one million square feet of office space in Columbus. The City of Columbus provided an incentive package including tax abatement

and land assembly and acquisition subsidies through the use of their federal grant funds.

We recommend that the City, in conjunction with the Chamber of Commerce, become more active in supporting recruiting industries that match the demographics of the populations most unemployed, as a means of improving poverty rates, incomes and home ownership rates in the City. The City should evaluate providing similar incentives to those used by other communities to achieve this goal. For example, the City of Columbus Georgia used Section 108 Loan Guaranty Funds and Tax abatement to leverage Aflac's relocation. Recruiting such industries can assist in increasing the City's tax base and while serving to provide the necessary income for more person to achieve home ownership.

## **6.5 Neighborhood Conditions Related Impediments**

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

**Issue:** While Carrollton neighborhoods are relatively stable today and most of its housing stock in good condition, area conditions will decline if routine and preventive maintenance does not occur in a timely manner. The population is aging, which means more households with decreasing incomes to pay for basic needs. This increase in elderly households coupled with the steady rise in the cost of housing and the cost of maintaining housing means that many residents will not be able to limit their housing related cost to 30 percent of household income and still maintain their property. Rental property owners will be faced with increasing rents to pay for the cost of maintenance and updating units rendering rental units unaffordable to households as well.

Government programs utilizing HOME and CDBG HUD funding and other sources impact only a small percentage of those in need of assistance. Increased support from volunteers and community resources will be needed to close the gap between total needs and resources available.

**Impact:** Neighborhoods and homeowners and renters must devise a means for residents and landlords to keep pace with the maintenance demands of housing, an aging housing stock, and support those persons unable to maintain their properties on their own. This will enhance and support a healthy neighborhood “Image and Identity” and help attract new residents and retain existing residents and businesses. An essential component of this recommendation will include becoming healthier, sustainable neighborhoods, able to meet the essential quality of life needs of its residents and to improve the physical character of the neighborhood. In some neighborhoods, these attributes are viewed as negative and uninviting both internally by its residents and externally by the community at large. Some neighborhoods are viewed as unsafe and a haven for criminal activities. Whether this is reality or a perception, it has a detrimental effect on the image of the neighborhood either way.

Neighborhood assets must be protected and improved. Structures should be strategically removed if found to no longer contribute to the well being of the community. Maintaining vacant lots, including clearing weed, litter, and junk, and maintaining tree growth, would immediately improve the appearance of neighborhoods. Existing regulatory efforts need to be expanded and additional resources allocated to support enhanced code enforcement throughout the City. Other amenities such as providing streetscape enhancements in the medians and pedestrian areas along residential streets, adding street lighting, sidewalks, shrubs, and new development on vacant lots, would significantly improve the neighborhoods. Most of all, there is a need to revive the “sense of

community and trust” and encourage participation and cooperation from residents to maintain their homes, yards, and surroundings and to actively participate in community empowerment activities such as Crime Watch, neighborhood associations and self help initiatives.

**Remedial Actions:**

The City should 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. This will require an organized recruiting effort to 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.

While there have been successful initiatives of this nature, initiated and funded both by the City of Carrollton and nonprofit agencies, a more comprehensive effort, perhaps coordinated by the City, needs to be designed and implemented that fully utilizes the resources of the community and area businesses. The program will be based on a case management system where the select needs of area property owners are matched with volunteer resource teams capable of solving the city code violations and other needed exterior repairs for select properties. Requests for assistance would be received from code enforcement officials, housing program administrators, social service agencies, community institutions, and homeowners. Priority will be given to those owners immediately affected by an active code compliance case, a targeted block or area project, and those with life threatening or uninhabitable conditions.

Eligibility for assistance will require verification of income or status as elderly or disabled. Levels of assistance would be based on the specific needs to be addressed and the ability of the property owners and their family to assist in the effort. The City could possibly fund a Program Coordinator designated to conduct home visits of each program participant, evaluate the appropriateness for volunteers to perform the work, and determine and advise the homeowner of their responsibilities in support of the effort. The Program Coordinator, upon securing a match between volunteers and property owner, will coordinate project dates, materials, supplies, and project support for the day of the project. Again, some of these activities may have been initiated in the past, so in some instances, our recommendations are that activities be continued, offer an enhanced level of programming, or that the City and any future local Housing Authority apply for funds as they become available. Activities that could be considered for the centralized self-help initiatives program include:

- **Increase self-help initiatives such as "fix-up," "paint-up," or "clean-up" campaigns and "corporate repair projects".** In order to increase resources available for these efforts, neighborhood residents, religious institutions, community organizations, individuals, and corporations would be recruited to participate in the repair to homes occupied by elderly, disabled, and indigent homeowners through organized volunteer efforts involving their members and employees.
- **Implement a Youth Build and Repair Program in conjunction with the local school district or the Carrollton Housing Authority.** Youth Build is a U.S. Department of Housing and Urban Development (HUD) program that teaches young people how to build new homes and repair older ones. HUD offers competitive grants to cities and non-profit organizations to help high-risk youth, between the ages of 16 and



24, develop housing construction job skills and to complete their high school education.

- **Organize a “Compliance Store”** where home builders, building supply stores, merchants, and celebrities, such as radio and television personalities, are used to demonstrate simple, cost effective ways to make improvements to houses and donate building supplies for use in self-help projects. The supplies and storage facility for supplies could be provided to enrollees by building supply stores, contractors, and hardware stores.
- **Organize "adopt-a-block" and "adopt-an-intersection" campaigns** where neighborhood groups, residents, scout troops, and businesses adopt key vistas and intersections to maintain and implement beautification projects, such as flower and shrub plantings and maintenance. The City currently partners with Keep Carrollton Beautiful and their Adopt a Spot Program.
- **Creating Community Gardens as interim uses on select vacant lots** provide an opportunity for neighborhood residents to work together to increase the attractiveness of their neighborhood. Formats for community gardens range from attaching simple window boxes to homes along a street reflecting a common theme, coordinating garden planting, or converting a vacant lot that may previously have been an eyesore in the neighborhood into a flower or vegetable garden tended by members of the community. Naturally, ownership of a vacant lot is an issue to be resolved before gardening begins. The City Assessor can provide information on the ownership of the property, including a mailing address. If the lot is privately owned, permission to use the lot must be received from the owner. If the property is owned by the City

or expropriated, ownership of the property might be transferred to a local non-profit organization or neighborhood association. While the costs of plant materials and supplies are an important consideration for community gardens, many nurseries and home improvement stores offer discounts for community improvement projects.

## **Section 7: Oversight, Monitoring and Maintenance of Records**

---

### **Introduction**

This section summarizes the ongoing responsibilities of the jurisdiction relative to oversight of efforts to implement the remedial actions recommend in Section Six of this report. It also sets forth the monitoring and maintenance of records procedures that will be implemented to insure that implementation efforts can be evaluated and accomplishments reported to HUD in a timely manner.

### **Oversight and Monitoring**

The AI process has been conducted under the oversight and coordination of the City of Carrollton, Environmental Services Department Community Services Division, with the support of an independent consultant.

Options for future implementation may include Community Services Division (CSD) responsibility for ongoing oversight, self-evaluation, monitoring, and maintenance and reporting of the jurisdictions' progress in implementing the remedial actions and other efforts to further fair housing choice. The CSD will therefore consider providing oversight of the following activities.

■ CSD will evaluate each of the recommendations and remedial actions presented in this report, and insure consultation with appropriate City departments and outside agencies and organizations to determine the feasibility and timing of implementation. Feasibility and timing of implementation will be based on City policy, fiscal impacts, anticipated impact on or remedy to the fair housing impediment identified, adherence to federal, state and local regulations, and accomplishment of desired outcomes. CSD is encouraged to provide recommendations for implementation to the City Manager based on this evaluation.

- CSD will continue to insure that any future sub-grantees receiving CDBG funds have an up-to-date Affirmative Fair Housing Marketing Plan; display a Fair Housing poster and include the Fair Housing Logo on all printed materials as appropriate; and provide beneficiaries with information on what constitutes a protected class member and instructions on how to file a complaint.

- CSD will ensure that properties and organizations assisted with federal, state and local funding are compliant with applicable uniform federal accessibility standards during any ongoing physical inspections or based on any complaints of non-compliance received by the City.

- It is recommended that the CSD incorporate fair housing requirements in its grant program community outreach and training sessions.

### **Maintenance of Records**

In accordance with Section 2.14 in the HUD Fair Housing Planning Guide, CSD will maintain the following data and information as documentation of the City's efforts to affirmatively further fair housing choice.

- A copy of the AI and any updates will be maintained and made available upon request.

- A list of actions taken as part of the implementation of this report and the City's Fair Housing Plan will be maintained and made available upon request.

- CSD will submit an update of its progress to HUD at the end of each program year.