

Analysis of Impediments to Fair Housing Choice [2019]

EXECUTIVE SUMMARY

MAY 13, 2019

Prepared by:
Centralina Council of Governments



EXECUTIVE SUMMARY

The City of Salisbury is located in the heart of the Piedmont region of North Carolina, midway between Charlotte and Greensboro. Salisbury is the county seat of Rowan County, and provides a full range of municipal services, including law enforcement, fire protection, zoning and code enforcement and water and sewer systems. Founded in 1753, Salisbury has a tradition of preserving history, taking the lead on innovation, and engaging residents to foster an inclusive and livable community.

The City of Salisbury is an entitlement community designated under the United States Department of Housing and Urban Development’s (HUD) Community Development Block Grant (CDBG) program. In accordance with the Housing and Community Development Act of 1974, as amended, each entitlement community must “affirmatively further fair housing.” The City is committed to demonstrate to HUD and the community that the City is affirmatively furthering fair housing. To that end, the City of Salisbury has completed a fair housing study known as an Analysis of Impediments to Fair Housing Choice (AI) to ensure that HUD-funded programs are being administered in a manner that affirmatively furthers fair housing for federally protected classes.

Affirmatively furthering fair housing “means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, that address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws. The duty to affirmatively further fair housing extends to all of a program participant’s activities and programs relating to housing and urban development.” (24 CFR 5.152)



The Analysis of Impediments to Fair Housing Choice is a comprehensive review of municipal housing, economic and transportation conditions, and public and private sector policies that ensure that housing choices and opportunities for citizens in a community are available. The goal of this analysis is to identify any barriers to fair housing choice for protected classes and to develop recommend actions the City of Salisbury can implement to address barriers that exists for fair housing choice for residents.

HUD has a commitment to eliminate discriminatory practices in housing and an obligation under Section 8 of the Fair Housing Act, to encourage the adoption and enforcement of fair housing laws in federally funded housing and community development programs. Title VIII of the Civil Rights Act of 1968, more commonly known as the Fair Housing Act, ensures protection of housing opportunity by prohibiting discrimination in the sale or rental of housing on the basis of race, color, religion, sex, and national origin (the federally protected classes).

The Act was amended in 1988 to include persons with a “handicapping condition,” along with families with children, as protected classes. The legislation adopts the definition of handicapping condition found in Section 504 of the Rehabilitation Act of 1973, as amended. This definition includes any person who actually has a physical or mental impairment, has a record of having such an impairment, or is regarded as having such an impairment that substantially limits one or more major life activity such as hearing, seeing, speaking, breathing, performing manual tasks, walking, caring for oneself, learning or working.

The AI process involves a thorough examination of a variety of sources related to housing, affirmatively furthering fair housing, the fair housing delivery system and housing transactions, particularly for persons who are protected under fair housing law. AI sources included census data, employment and income information, home mortgage application data, federal and state fair housing complaint information, surveys of housing industry experts and stakeholders, and related information found in the public domain.

The AI also incorporates an involved public input and review process via direct contact with stakeholders, public forums to collect input from citizens and interested parties, distribution of draft reports for citizen review, and formal presentations of findings and possible actions to overcome the identified impediments. Additionally, the Salisbury City Council established a Fair Housing Committee as a new joint effort between the City of Salisbury, Salisbury Housing Advocacy Commission, Salisbury-Rowan Human Relations Council, and Salisbury Community Development Corporation, to support the AI update. The process utilized the committee's collective expertise in housing, community development, housing finance, real estate management, and human relations to inform possible new actions to overcome identified impediments.

The City of Salisbury previously prepared an Analysis of Impediments to Fair Housing Choice in 2014. This analysis focuses on the status and interaction of five (5) fundamental conditions within the City of Salisbury:

- The sale or rental of dwellings (public or private);
- The provision of financial assistance for dwellings;
- Public policies and actions affecting the approval of sites and other building requirements used in the approval process for the construction of publicly assisted housing;
- Knowledge and awareness of residents' rights and the fair housing ecosystem and its reach.
- Where there is a determination of unlawful segregation or other housing discrimination regarding assisted housing, an analysis of the actions which could be taken by the recipient to remedy the discriminatory condition, including actions involving the expenditure of funds made available under 24 CFR Part 570.

Background

HUD enforces the Fair Housing Acts of 1968 and 1988 and other federal laws that prohibit discrimination and the intimidation of citizens in their homes, apartment buildings, condominium developments, and in housing transactions, including rental and sale of housing and the provision of mortgage loans. In recognition of equal housing access as a fundamental right, the federal government and the State of North Carolina have each established fair housing as a right protected by law.

What are Impediments to Fair Housing?

As defined by HUD, impediments to fair housing choice are:

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

Impediments to fair housing choice include actions or omissions in the State or Entitlement jurisdiction that:

- Constitute violations, or potential violations, of the Fair Housing Act
- Are counterproductive to fair housing, such as:

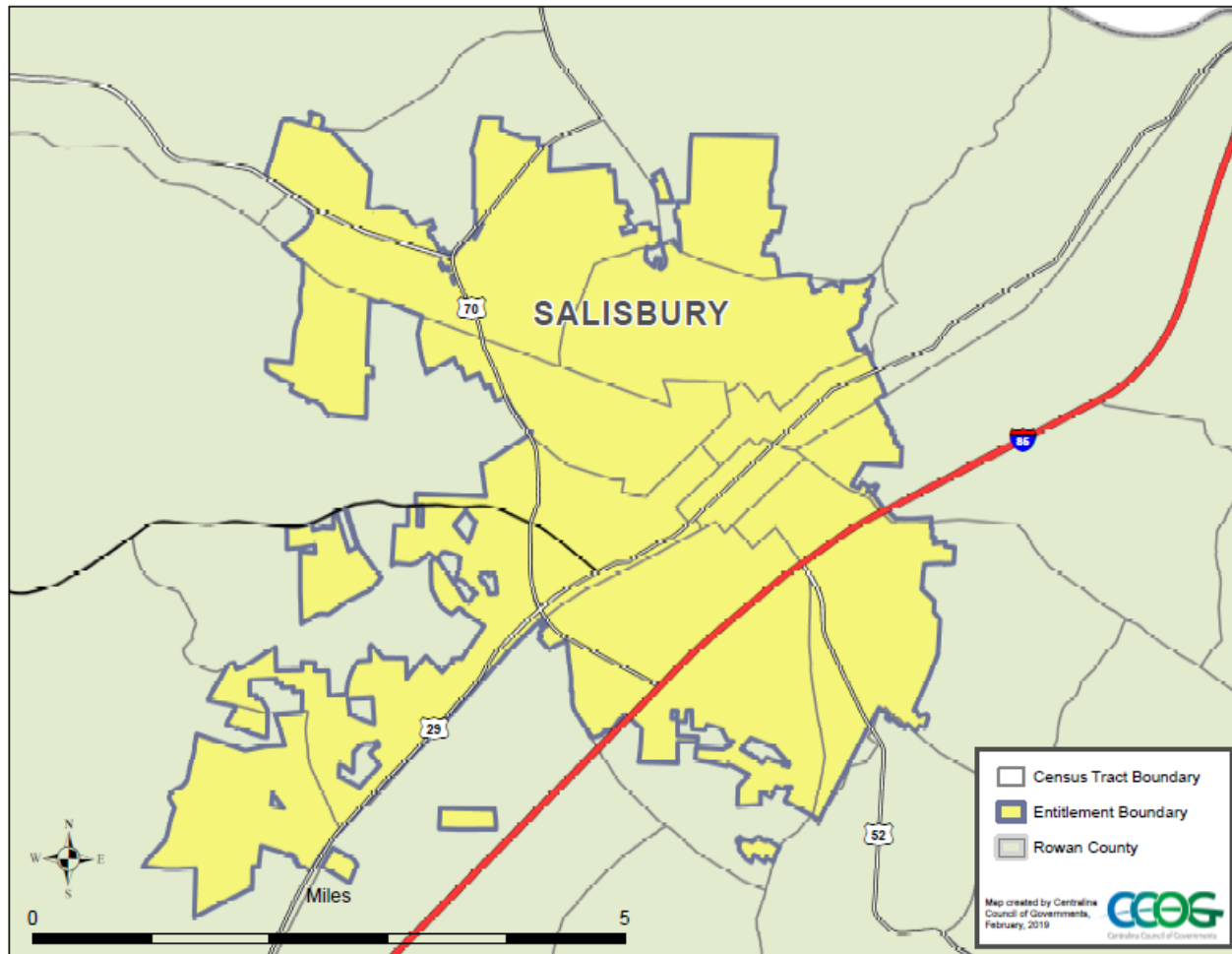
City of Salisbury

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- Community resistance when minorities, persons with disabilities and/or low-income persons first move into white and/or moderate- to high-income areas.
- Community resistance to the siting of housing facilities for persons with disabilities because of the persons who will occupy the housing.
- Have the effect of restricting housing opportunities on the basis of race, color, religion, sex, disability, familial status, or national origin.



Map I.1
Salisbury Study Area
City of Salisbury
2017 ACS 5-Year Estimates Data



City of Salisbury
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2019 Impediments to Fair Housing

The following impediments to fair housing choice are presented to assist the City of Salisbury to affirmatively further fair housing in the community. The previously identified impediments to fair housing choice are discussed on page 59 of this document. Newly determined and carried over impediments to Fair Housing Choice are presented on the pages that follow. Several aspects of the previously identified impediments are still present in the City of Salisbury, despite the City's best efforts to ameliorate the issues. Below is the list of impediments that were developed as part of the City of Salisbury's 2019 Analysis of Impediments to Fair Housing Choice.

Impediment 1: Lack of a formalized structure for a local fair housing system.

There is a continuing need to educate renters and homebuyers about their rights under the Fair Housing Act and to advise landlords, realtors, sellers and bankers about their responsibilities under the Fair Housing Act. Additionally, the City of Salisbury has a substantial number of programs and initiatives aimed at helping residents with housing issues. However, there is a need for a centralized clearinghouse within the City that maintains an information system of all the City's efforts. Currently all the activities are decentralized, creating gaps in staff's and local resident's knowledge of housing related offerings. Localizing a fair housing system will allow for creating a centralized point of contact for residents, landlords, developers and social service professions to obtain information on educational opportunities and local efforts to affirmatively further fair housing. This would also provide an avenue to develop a local referral system for residents contacting the City with local fair housing complaints or seeking housing assistance.

There is lack of coordinated and reoccurring fair housing testing to determine where fair housing discrimination is taking place and there is an absence of dedicated resources for enforcement efforts. In 2018, the City engaged Legal Aide of North Carolina to complete fair housing testing. Legal Aide completed a report summarizing the outcomes and provided recommendations for future testing. However, no recommendations were provided for frequency of follow up testing or enforcement tactics. Establishment of a local fair housing system would provide the platform for developing the testing and enforcement framework for the City's fair housing efforts.

Action: Utilize existing institutional resources to develop a one stop office for all fair housing activities.

Long term: Assess HUD's Fair Housing Assistance Program to determine if it aligns with the City of Salisbury's long-term fair housing goals and apply for funding to support developing and

sustaining the local fair housing resource system. Through the Fair Housing Assistance Program (FHAP), HUD funds state and local agencies that administer fair housing laws that HUD has determined to be substantially equivalent to the Fair Housing Act. The Fair Housing Act contemplates that, across the country, state and local governments will enact and enforce their own statutes and ordinances that are substantially equivalent to the Fair Housing Act. HUD provides FHAP funding annually on a noncompetitive basis to state and local agencies that administer fair housing laws that provide rights and remedies that are substantially equivalent to those provided by the Fair Housing Act.

Impediment 2: Insufficient supply of adequate and affordable housing to meet the growing needs of low- and moderate-income residents including members of the protected classes.

A lack of affordable and adequate housing exacerbates housing discrimination. Many communities are experiencing a tight housing market, allowing landlords to be highly discerning in tenant selections which may disguise some illegal discrimination. Lack of available housing units based on number of bedrooms is also problematic. Continued access to funding is vital for development of new housing and rehabilitation of existing housing. Educational efforts are needed to understand the importance of affordable and decent housing in the community. Sharing of success stories and documenting financial impact will assist in public support of both local, state and federal funding. The City of Salisbury should consider developing an Affordable Housing Strategy which may include actions such as adopting an Inclusionary Zoning Ordinance; creating an Affordable Housing Trust Fund; seeking funding from sources such as, Low Income Housing Tax Credits, Tax Increment Financing, other government housing programs, and private sources. Development of new housing is expensive, and costs continue to outpace increases in income. Housing development in rural areas is often more difficult due to lower income and higher development costs due to remoteness and lack of contractors and suppliers. The distance for contractors to travel, lower profit margin and less market demand can make rural areas less attractive and low priority development areas. The City of Salisbury should engage partners to review other peer communities affordable housing practices that help incentivize public – private partnerships for the development of new affordable housing and the preservation and improvement of existing housing inventory.

Action: Preservation and improvement of existing housing units and creation of new housing units, through continued investment of General Fund dollars, CDBG and HOME funding.

Long Term: Develop an affordable housing strategy focused on creation and preservation of affordable housing of all types, i.e. single-family, multi-family, senior, and accessible housing as well as living assisted and full-time care facilities.

Impediment 3: Public transportation limitations reduces housing choice for low-to-moderate and special needs populations.

The City of Salisbury's public transportation system for the most part, provides adequate routes to and from major employment centers and lower income neighborhoods that are closely located with the I-85 corridor. However, there are large concentrations of owner and renter occupied housing units just outside of this service area. This scenario creates limitations for housing choice for low- and moderate-income households, living outside the service area, who are dependent on public transportation to access jobs. The job, housing and transportation disconnect is a documented contributing factor that creates concentrations of low-to-moderate income households which often results in economic segregation. Additional barriers include limited service after 6:00 pm to accommodate second and third shift workers, reduced service on the weekends and lack of direct routes to emerging employment centers outside of the transit system's existing service areas.

While the economics of public transit prevent complete coverage that would allow all workers a reliable and speedy commute to any job location within the city and major employment centers outside of the city limits, the distribution of routes in the existing transit systems does appear to focus on providing access to major employment centers and neighborhoods where residents are more likely to utilize public transportation for their work commute. Given the financial constraints the City has limited ability to address this impediment related to transportation through the City's transit system.

The Salisbury Transit Department is currently completing a Long-Range Public Transportation Master Plan that will provide a framework for incorporating improved transit systems and offerings to better serve the growing needs of Salisbury's residents. To date only draft recommendations have been released with the final plan expected to be adopted in 2019. Some of the current recommendations include expanded fixed routes, use of micro-transit (Uber/Lyft like) or Vanpool/Rideshare to cater to employment trips and finally having broader regional connectivity.

Action: Transit planning initiatives that are inclusive of fair housing by creating policy that affords opportunities for expanded routes and services to low and moderate income and special needs residents.

Long term: Identify additional funding sources and/or non-profit partners that can collaborate to expand transportation options for residents. Coordinate with the Salisbury Transit Department on implementation of recommendations from the pending Long-Range Public Transportation Master Plan that align with the fair housing needs of Salisbury residents. Participate in regional transit planning efforts that will connect the Salisbury transit system into

the larger regional transit system thereby expanding broader access to jobs and services for area residents, while allowing the City to offset burdensome cost through regional partnerships.

Impediment 4: Lack of access to housing that accommodates special populations.

Based on feedback from community stakeholders there are great needs for housing for the elderly, disabled and adults re-entering the community. Key stakeholders consistently mentioned that the current housing stock is not adequate to serve area residents with special needs, this includes disabled and elderly residents. Many stakeholders and residents have described affordable housing as substandard, and therefore, more likely to be non-accessible. Disabled and senior residents may also require additional supportive services, such as, case management, daily living, and navigational support in addition to structural modifications.

While not a protected class defined under the Fair Housing Act, adults re-entering the community are difficult to house in Salisbury. Many housing providers, both public and private, use records for past convictions, any conviction, regardless of what it was for or how long ago it occurred, to indefinitely bar rental applicants from housing opportunities. This type of rental policy has a disproportionate impact on this group of home seekers who are protected under the Fair Housing Act.

Action: Create partnerships with service providers and provide educational opportunities for public and private landlords on how to mitigate risks when providing housing adults re-entering the community, to create housing opportunities for this population. Engage organizations that serve persons with physical and mental disabilities and seniors as participants in housing strategy development to ensure policies, programs and potential funding resources are identified that align with the needs of these residents.

Long-term: Develop policies and incentives that support making adaptations to housing to make it more accessible for persons with special needs and/or disabilities. Conduct an assessment of accessible housing in the City to identify the inventory available for residents. Work with partners to create a risk mitigation program for landlords and management companies who are willing to providing housing opportunities for adults re-entering the community and their families.

Impediment 5: Mortgage lending practices reduce homeownership opportunities for racial and ethnic minorities.

Fair housing problems were also identified in the home mortgage market through a review of Home Mortgage Disclosure Act (HMDA) data. Trends that were identified included disproportionately high denial rates for selected minority racial and ethnic applicants and higher denial rates in low-income areas. While this fact alone does not imply an impediment to fair housing choice, the pattern is consistent with discrimination. This is a common observation among markets across the U.S. during the years studied. Additionally, HMDA data also shows that debt-to-income ratios, poor credit history, and lack of collateral were the top three explanations for loan denial; indicating poor financial history of potential homebuyers which can inhibit homeownership and decrease housing affordability.

Action: Reduce denial rates and other problems in the home mortgage market through expanded educational opportunities for area residents through partnerships with local lending institutions.

Long Term: Expand homebuyer education classes to educate potential home buyers on the importance of establishing and keeping good credit. Identify partners to expand down payment assistance resources to create home ownership opportunities for more Salisbury citizens. The City should work with local lenders to develop partnerships to expand homeownership opportunities for residents. The City should review HMDA data for local lending institutions to ensure that loan decisions are being made equitably. Identify problem lenders and develop educational platforms to overcome discriminatory practices.