

CITY OF TYLER TEXAS

ANALYSIS OF IMPEDIMENTS

TO FAIR HOUSING CHOICE

August 15, 2015



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Introduction and Acknowledgements

Introduction

This report provides an Analysis of Impediments to Fair Housing Choice (AI), commissioned by the City of Tyler. This AI was conducted using a methodology consistent with the U.S. Department of Housing and Urban Development (HUD) guidelines published in the Fair Housing Planning Guide. 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 Tyler Neighborhood Services Department served as lead agency for the development of the AI and was responsible for oversight and coordination of the process. The City of Tyler retained J-Quad Planning Group, LLC, 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, including information gathered from the Consolidated Plan public engagement process, and data provided by City Departments. We also acknowledge the participation of the City government officials, real estate and banking industries, non-profit, social services, business, home builders, apartment owners and managers, and the general public in the Consolidated Plan and Analysis of Impediments planning effort.

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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 Solutions 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. In 2014 HUD published draft regulations of the "Assessment of Fair Housing" (AFH) with proposed changes to the 1995 AI requirements. These new regulations were finalized in July of 2015 and made applicable for Consolidated Plans submitted after January 2017.

The purpose of the AI is to examine whether or not state and local laws, private, public and non-profit sector regulations, administrative policies, procedures, and practices are impacting 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 including barriers and impediments in City of Tyler, Texas. The AI 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 choice. The certification specifically requires jurisdiction to do the following:

- Conduct analysis of impediments to fair housing choice within the 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 is a complex process involving diverse and wide-ranging considerations. The role of economics, housing markets, and personal choice are important to consider when examining fair housing. Any disproportionate impacts on persons of a particular race, ethnicity, or members of the protected classes under fair

housing law have been comparatively analyzed to determine to what extent those disparities are limiting fair housing choice. A major impediment is that the limited amount of entitlement funding received makes it difficult for the City to have measurable impact on removing or lessening the impact of some fair housing impediments. City and other non-federal entitlement resources and private sector support will be necessary in order to address some of the impediments. Despite limited funds, the City's efforts will continue to help improve and maintain stability, and strengthen its' older housing stock with focus in CDBG eligible areas.

The AI methodology included community engagement forum sessions; the construction of a community profile, fair housing index, analysis of the Home Mortgage Disclosure Act (HMDA) data; and a fair housing law, public policy, and entitlement program analysis including a review of national landmark court litigation, local legislation, development policies and regulations, fair housing complaints and a review of entitlement grant programs.

Remedial actions detailed in this report represent recommendations by the consultant to the jurisdiction for addressing impediments based on experience and best practices used in other jurisdiction. The City is not obligated to implement the consultant's recommendations and may choose other options to address the impediment based on their evaluation. Some remedial actions are conceptual frameworks for addressing the impediments and will require further research, feasibility and cost analysis, and final program design the City if it chooses to implement them. Data and analyses includes in some instance, provides comparisons between the City and Smith County.

History of Fair Housing and Affordable Housing - Includes a longitudinal trend analysis of housing patterns and practices and general perceptions of the barriers to fair and affordable housing over a twenty year period from 1994 - 2014. Emphasis placed on cost variability in the housing supply and the local demand for housing by household income, race, and head of household characteristics within the general population.

The methodology for the study includes analysis of various existing data sources concerning housing cost and opportunity. These data sources include: (1) census data on housing by household income, race, and head of household for the two decades, (2) Chamber of Commerce, Real Estate Association, and mortgage lender data on the distribution of housing costs, (3) HUD data on government housing programs available to increase the opportunity for home ownership and low cost rental housing, and (4) HUD and local housing authority data on housing subsidy certifications (5) foreclosure data.

A composite profile of housing cost, demand, and availability will be developed from the various data sources. Supply and demand ratios will be computed to determine historical trends in the availability of affordable housing during the two decades between 1994 and 2014. In addition to examination of affordable housing trends, historical trends in fair housing will be assessed. Assessment of fair housing includes documentation of fair housing complaints, relevant court case litigations, and local government and housing advocates' responses to fair housing issues. Sources of data include examination of the content of housing complaints filed based on the Federal Fair Housing Act with the U.S. Department of HUD Regional Office and interviews with leaders of housing advocacy organizations involved from 1994 - 2014.

Fair Housing law, Court Litigation, Public Policy, Entitlement Programs and Fair Housing Complaint Analysis - This includes an assessment of local, state and federal fair housing laws; local laws, policies, legislation and development regulations affecting affordable housing development and retention; landmark case law and discrimination complaints filed with the various governmental entities both locally and nationally; and programs operated in each the jurisdiction with entitlement funding.

Community Profile Analysis - The Community Profile provides a snapshot of the jurisdiction as a basis for understanding and establishing the factors that affect housing choices. This analysis is used to generate profiles on demographics, transportation, housing, income, and employment. The resulting profiles will be

presented in tabular format with computer-based maps presented where appropriate. The following is a summary of the characteristics of the profiles and the data sources.

Demographic Profile - The Demographic Profile examines the racial, ethnic, age, and social composition of the jurisdiction. Data has been compiled and comparatively analyzed using the 2000 and 2010 U.S. Bureau of Census Reports, 2009 – 2013 Annual Community Survey (ACS) and supplemented with local government data.

Transportation Profile - The Transportation Profile examines the availability and linkage of transportation and mobility and its impact on employment and housing choices made by protected class members, income groups and racial and ethnic groups.

Housing Profile - The Housing Profile examines housing unit availability, housing conditions, demand for housing and cost as a basis for constructing a current profile of housing resources.

Income Profile - The Income Profile examines personal and household income data and poverty. Data has been compiled using baseline data from the 2000 and 2010 U.S. Bureau of Census Reports, 2009 – 2013 ACS and supplemented with local government and U.S. Bureau of Economic Analysis data on personal income.

Employment Profile - The Employment Profile examines employment and unemployment rates, and educational attainment, geographical distribution of wage rate patterns and job distribution by skill classifications and standard type in order to generate a general employment profile.

Support Services Available to Promote Fair Housing Choices – The analysis includes an assessment of a number of the variables affecting fair housing choice not necessarily vested in the community profile factors within a community. There are, in fact, contributing variables that must act in support of the community profile factors in order to insure that impediments to fair housing choice and the existence of fair housing opportunities are appropriately identified.

Entitlement Programs Review - This section analyzes City and sub-grantees use of entitlement funding, current government and private sector policies, programs, and initiatives between 2009 and 2014 that address fair housing choice, affordable housing, and neighborhood revitalization.

Home Mortgage Disclosure Act Analysis - This section analyzes lending information from 2009 through 2013 provided under the Home Mortgage Disclosure Act and gathered from data disks provided by the Federal Financial Institutions Examination Council. The analysis includes local jurisdiction and MSA data for home mortgage, refinancing, and home repair loans. Results of the analysis are mapped to show geographical location and concentrations of loan applications, originations and denials. The methodology includes an analysis to determine any evidence or characteristics of redlining and other impacts disparately impacting minorities, protected class members and specific geographies that are home to concentrations of low income persons and racial and ethnic minorities.

Fair Housing Index, Racial and Ethnic Concentration of Segregation and Poverty – RCAP / ECAP Assessment

This Fair Housing Index performs a comparative analysis by race and ethnicity of ten demographic factors to determine any disparities in their effects on persons of a particular race, ethnicity, or members of the protected classes under fair housing law. The analysis is then used in order to perform an equity assessment and disparate impact analysis of populations performing below the MSA or citywide median and to identify census tracts where the sum impact of certain demographic variables are adversely affecting a residents' fair housing choices and likely contributing to problems of housing discrimination and issues relative to housing quality and affordability. A HUD R-ECAP Assessment to determined geographical concentrations of poverty, race and ethnicity is also performed.

Identification of Impediments

This component identifies any barriers to fair housing choice based on the information collected and presented in the previous reports. Contributing factors, such as market conditions, demographics, transportation, employment, housing financing, zoning, housing laws and policies and fair housing discrimination will be discussed in detail.

Remedial Actions and Best Practices

The Impediments and Remedial Action Section provides recommendations intended to lessen the impact of the impediment or remediate the impediment altogether. Best practices that have worked in other communities are also presented. The analysis, as applicable, provides recommended corrective actions including action step and appropriate timelines that can guide post analysis and implementation efforts.

Development Regulations Review- Analysis is conducted to determine whether or not development regulations revealed any barriers to affordable housing or impediment to fair housing choice. Land development codes and zoning regulations are evaluated to determine whether or not the regulations address affordable housing and the provision of making allowances through the code to allow the construction of a variety of types of housing including single family and multifamily housing.

Industry Practices - Real estate related publications advertising the sale or rental of housing and advertising home improvements and remodeling were reviewed. Publications were reviewed to determine if publications stating that the magazines and advertisers are subject to the Federal Fair Housing Act, and whether or not advertisers included FHEO statements and/or logos. Including these logos can serve as a means of educating the home seeking public that the property is available to all persons.

Community Engagement

Public Forums and Stakeholder sessions were held on March 4th, 6th, and 7th, 2015. The public hearing and action to approve the Consolidated Plan, Annual Plan and Analysis of Impediments occurred on July 22, 2015.

Impediments to Fair Housing Choice

Impediments to fair housing choice are detailed in Section 6 of this report. This section draws on the information collected and analyzed in previous sections to provide a detailed analysis of fair housing impediments in Tyler. 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 recommended to address each impediment. Some of the remedial actions recommended in this section are conceptual frameworks for addressing impediments. These actions will require further research, analysis, and final program design by the City of Tyler for implementation.

The Analysis of Impediments identified impediments related to **real estate market conditions as impediments**: housing affordability and insufficient Income; **public policy related impediments**: public awareness of fair housing rights; **banking, finance, insurance and other Industry related impediments**: disparate Impacts of mortgage lending on minority populations; inability to qualify for mortgage financing due to poor and limited credit, insufficient income and collateral values; **socio-economic impediments**: Barriers impacting special need populations, minorities and lower income persons; disparate impacts of poverty and low-income on lower income persons and minorities; and **neighborhood conditions related impediments**: limited resources to assist lower income, elderly and indigent homeowners maintain their homes.

Remedial Activities Designed To Address Impediments - Recommended remedial actions include creating partnerships, identifying new federal, state, city, and private resources needed to make housing more affordable.

The details of the identified impediments and recommended remedial actions are presented in Section 6 of the report and summarized as follows:

6.1 Real Estate and Housing Market Related Impediments

Impediment: Housing Affordability and Insufficient Income.

Impediment #1: Overall, the income data show a higher proportion of African-American, Hispanic and lower income households disparately impacted by the cost of housing. Minorities and lower income persons are disproportionately dependant on subsidized housing to meet their housing needs and more likely to have incomes that are insufficient to acquire housing that is affordable without being cost burdened.

Impediment #2: In areas where minorities and lower income households are most likely to find housing affordable, the demographic characteristics areas are disparately impacting their ability to acquire housing of their choice. As indicated on Map 5.1, in Section 05 of the Fair Housing Index, the census tracts designated as having high risk of fair housing related problems are concentrated in the central and western census tracts of Tyler. The census tracts having moderate risk of fair housing problems are located in northwest and northern areas of the city. These areas are shown in dark red and red on the map.

Impediment #3: Household Incomes are not keeping pace with the market prices of housing and many households are “cost burdened” paying more than 30 percent and even “severely cost burdened” by HUD definition paying 50 percent or more of their household income for housing and housing related expenses.

Impediment #4: Additional funding is needed to provide subsidies that make homeownership attainable, maintenance of existing housing more affordable and to increase availability of rental subsidies for low-income and moderate-income persons, special needs populations such as seniors, victims of domestic violence, former convicted felons, and people with disabilities.

Recommended Remedial Actions:

Action #1: City of Tyler will continue to support the increased production of affordable housing through public private partnerships with developers and capacity building for nonprofits with the Entitlement Funds.

Action #2: City of Tyler will continue to help facilitate access to below-market-rate priced units by using its' federal funds to leverage nonfederal entitlement funding such as state low income tax credit and federal home loan bank funding and private sector participation in financing affordable housing and for neighborhood reinvestment.

Action #3: City of Tyler will continue to maintain a list of private partner lenders providing affordable housing financing and subsidies or offering buyers access to down payment, closing cost or favorable underwriting that supports buyers.

Action #4: City of Tyler will continue to identify and support local developers seeking additional federal, state and private sources of funds for affordable housing as they become available.

Action #5: City of Tyler will continue to encourage private sector support for affordable housing developed as a component of market rate and mixed use development.

6.2 Public Policy and Fair Housing Infrastructure Impediments

Impediment: Public Awareness of Fair Housing and greater Outreach and Education are needed for the public, protected class members under the Fair Housing Act and industries such as landlords, finance, social service agencies and community organizations.

Impediment #5: Greater Public Awareness, outreach and education of Fair Housing is needed.

Impediment #6: Continued emphasis on fair housing enforcement, including training and testing is needed.

Impediment #7: Continued emphasis on targeted outreach and education to immigrant populations that have limited English proficiency, language speaking barriers, and to other protected classes with language barriers is needed.

Recommended Remedial Actions:

Action #6: City of Tyler will increase fair housing education and outreach in an effort to raise awareness and increase the effectiveness of fair housing ordinances. The City will target funding for fair housing education and outreach to the rapidly growing Hispanic and other immigrant and refugee populations as funding becomes available. The City will also continue supporting fair housing workshops or information sessions to increase awareness of fair housing rights among immigrant populations and low income persons who are more likely to be entering the home-buying or rental markets at a disadvantage.

Action #7: City of Tyler will partner with local industry to conduct ongoing outreach and education regarding fair housing for the general public and focused toward protected class members, renters, home seekers, landlords, and property managers. Outreach will include providing joint fair housing training sessions, public outreach and education events, utilization of the City website and other media outlets to provide fair housing information, and multi-lingual fair housing flyers and pamphlets available in a variety of public locations. The City will continue to provide outreach to non-English speaking people.

Action #8: Encourage Fair Housing Enforcement Agencies to target increase fair housing testing for multifamily properties. City of Tyler will encourage HUD to provide increased fair housing testing in local apartment complexes. The testing

program looks for evidence of differential treatment among a sample of local apartment complexes. Following the test, HUD will be asked to share its findings with the City that will offer outreach to landlords that showed differential treatment during the test.

6.3 Banking, Finance, Insurance and other Industry related impediments

Impediment: Disparate Impacts of mortgage lending on minority populations and lower income areas; and the lingering impacts of the Subprime Mortgage Lending Crises and increased Foreclosures.

Impediments #8: Minority and lower income persons are disparately impacted by higher loan denial percentages and lower number of applications submitted to lenders. Loan origination rates in lower income census tracts are lower among all income groups in lower income census tracts compare to that of Whites and when comparing minority percentage of persons in the population to their percentage of loan approvals and originations.

Recommended Remedial Actions:

Action #9: City of Tyler will continue to apply for competitive and non-Entitlement State and Federal funding and assistance from nonprofit intermediaries for financial literacy education programs. Financial literacy should be emphasized as a means of preventing poor credit and understanding the importance of good credit.

Action #10: City of Tyler will encourage bank and traditional lenders to offer products addressing the needs of households with poor and marginal credit negatively impacting their ability to qualify for mortgages. These products can assist persons negatively impacted by their current utilizing predatory lenders. This may require traditional lenders and banks to establish “fresh start programs” for those with poor credit and previous non-compliant bank account practices.

Action #11: City of Tyler will help raise awareness among the appraisal industry concerning limited comparability for affordable housing products. Industry representatives should be encouraged to perform comparability studies to identify real estate comparables that more realistically reflect the values of homes being built in lower income areas and continue supporting infill housing development. The City does not have regulatory authority to address this concern. Therefore, this recommendation is based on best practices approaches and will require the City to work with the financial and appraisal industry to help address this issue.

6.4 Socio-Economic Impediments

Impediment: Barriers to Fair Housing Choice Impacts on Special Need Populations, minorities and low income.

Impediment #9: Expansion of the supply and increased affordability of housing for senior, special needs housing and housing for disabled persons is needed.

Impediment #10: Removal of barriers for persons with limited English proficiency enabling them to better access the housing market is needed.

Recommended Remedial Actions:

Action #12: City of Tyler will continue to provide language assistance to persons with limited English proficiency.

Action #13: City of Tyler will continue to encourage recruitment of industry and job creation that provide “living wages”, incomes to pay for basic necessities of food, shelter, transportation, to persons currently unable to afford market rate housing.

Action #14: City of Tyler will support developments requesting State assistance that provides alternative housing product choices for those with disabilities,

veterans, seniors, and lower income persons such as Low Income Housing Tax Credits and Senior Housing Tax Credits.

6.5 Neighborhood Conditions Related Impediments

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

Impediment# 11: Expanded resources are needed to assist lower income persons, seniors and other special needs groups with maintaining homes and improving neighborhood stability.

Recommended Remedial Action:

Action #15: City of Tyler currently supports programs that provide assistance to income qualified low and moderate income households utilizing its' Entitlement Grants Programs and support self help initiatives utilizing nonprofit and private sector resources. The City will continue its support and implementation of these programs of self-help and community and housing improvement initiatives. Other activities that will be considered as self-help initiative programs include:

- **Increase self-help "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.

Section 1: Community Profile

Introduction

The Community Profile is a review of demographic, income, employment, and housing data for Tyler, Texas, gathered from the 2010 Census, 2009 - 2013 American Community Survey (ACS) 5-Year estimates, 2000 U.S. Census, Tyler, and other sources. The following sections provide an analysis of the community characteristics in Tyler:

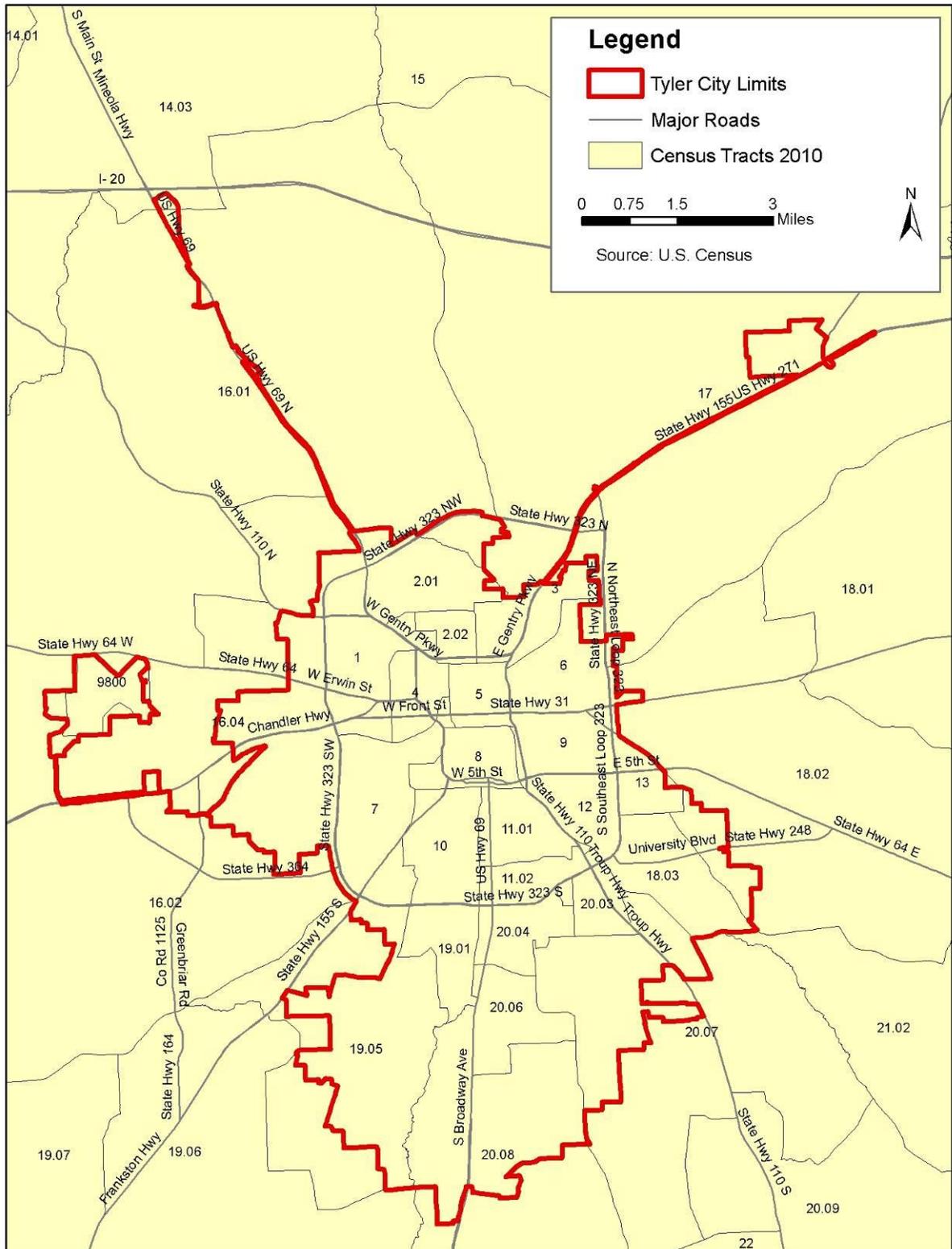
- Demographics - looks at the basic structure of the community in terms of racial and ethnic diversity, population growth, and family structure.
- Income - analyzes income sources, the distribution of income across income class, and poverty.
- Employment - examines unemployment rates, occupation trends, and major employers.
- Public Transportation – looks at the access and availability of the public transit system.
- 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 three major ethnic groups in Tyler: White, African-American, and Hispanic. All other race/ethnic groups are smaller in number and percentage and therefore, will not be examined and presented in as much detail. The profiles are supported with tables, charts 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 Tyler concentrates on the magnitude and composition of the population and changes that occurred between 2000 and 2013.

Map 1.1: Tyler, Texas, by Census Tract



According to the 2009 - 2013 ACS estimates, the total population of Tyler was 98,335. Table 1.1, below, shows that the total population of the city increased by 14,685 or 17.6 percent between 2000 and 2013. Tyler experienced a significant increase in the Hispanic population, increasing 69.0 percent between 2000 and 2013. The percentage of Hispanic population when compared to the total population increased from 15.8 percent in 2000 to 22.7 percent in 2013.

The White population increased by 31.7 percent, and their percentage of the total population increased from 61.9 percent to 69.4 percent between 2000 and 2013. African-Americans made up 23.9 percent of the population in 2013, a 5.4 percent increase over the 13 year period.

Table 1.1
Total population by race and ethnicity for Tyler, 2000 and 2013

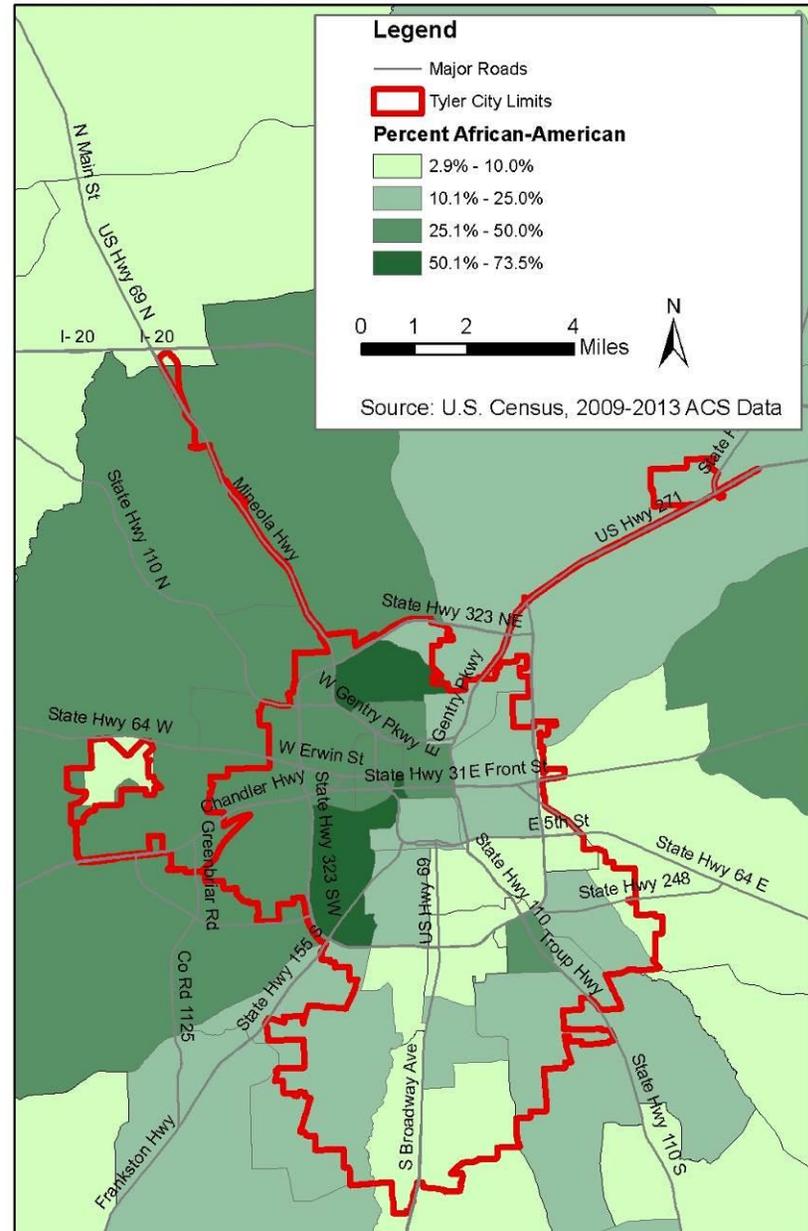
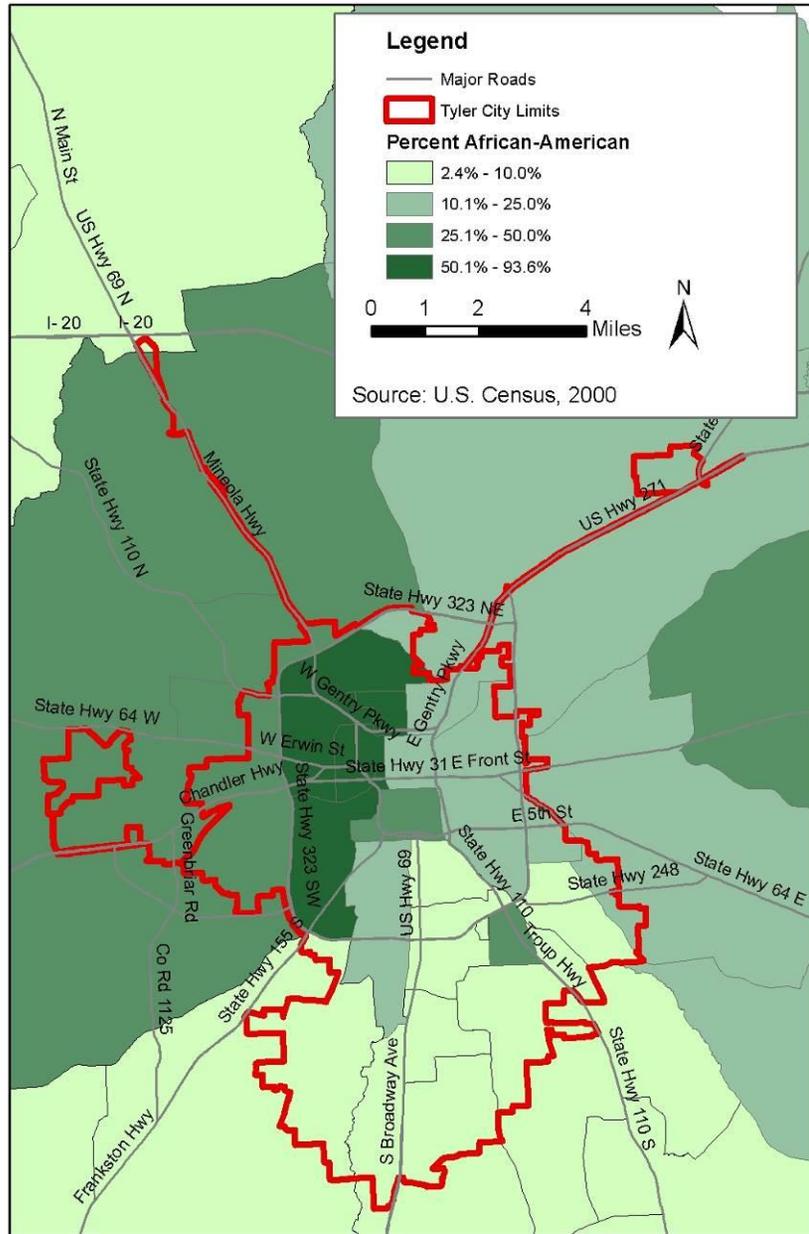
Race	2000		2009 - 2013 (Average)		%Change 2000-2013
	#	%	#	%	
White	51,795	61.9%	68,208	69.4%	31.7%
African-American	22,275	26.6%	23,468	23.9%	5.4%
Asian or Pacific Islander	287	0.3%	543	0.6%	89.2%
American Indian and Eskimo	838	1.0%	1,882	1.9%	124.6%
Other race	8,455	10.1%	4,234	4.3%	-49.9%
Total	83,650	100.0%	98,335	100.0%	17.6%
Hispanic (ethnicity)	13,234	15.8%	22,361	22.7%	69.0%

Source: US Census

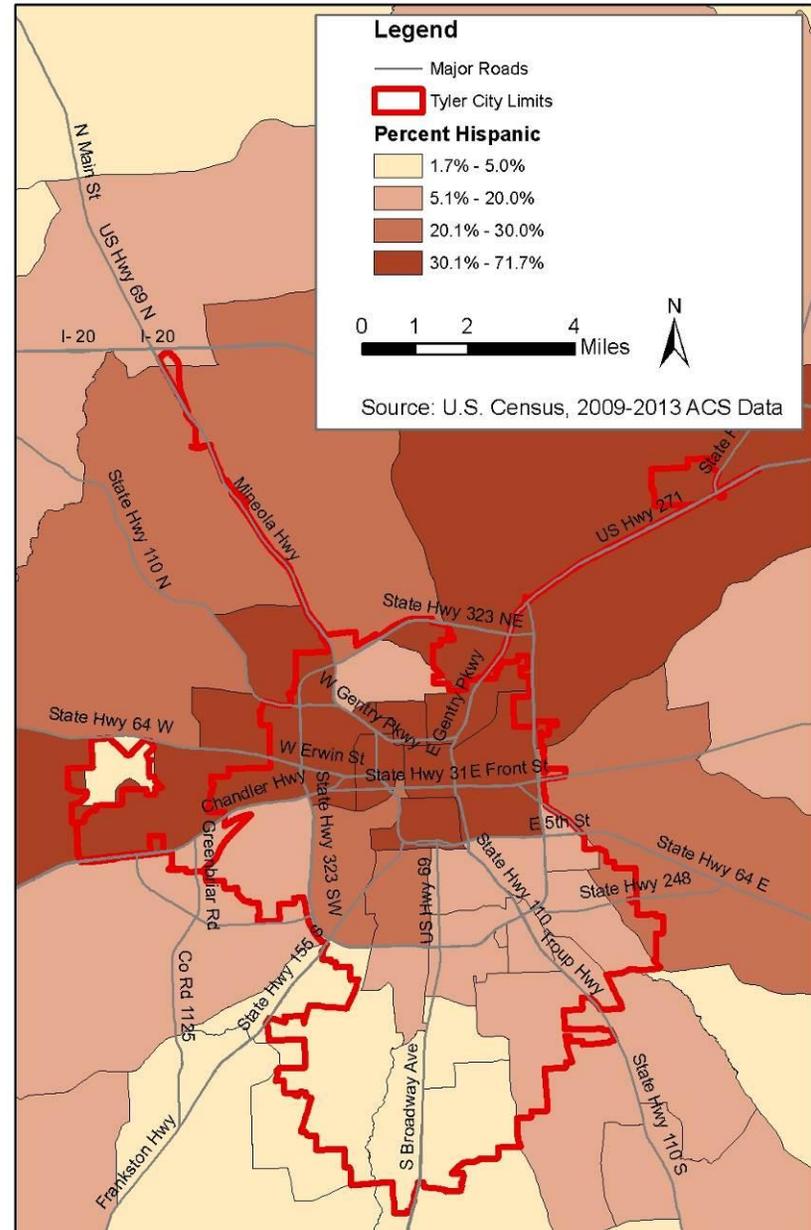
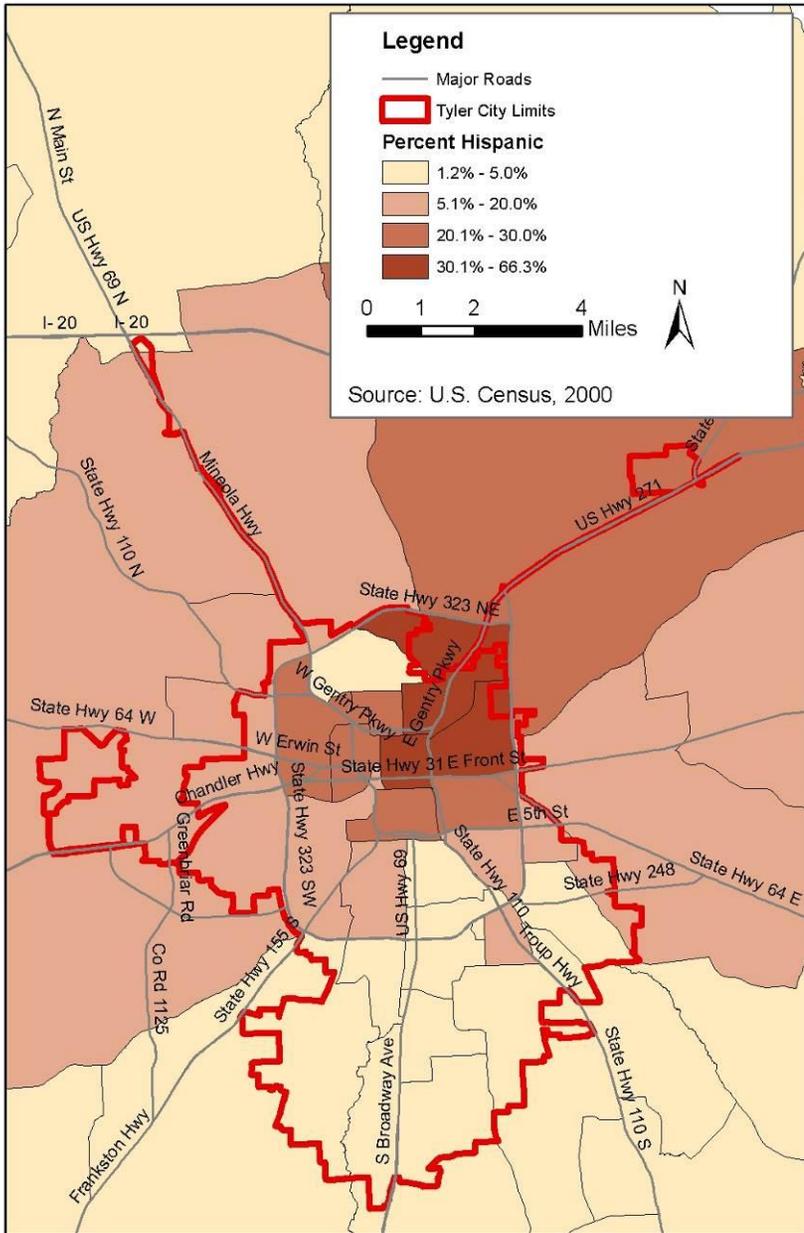
Tyler’s population increased between 2000 and 2013 by 17.6 percent. The percentage of total minorities decreased from 38.1 percent in 2000 to 30.6 percent in 2013, however the Hispanic population increased 69%, increased from 15.8 percent of total population in 2000 to 22.7 percent in 2013.

The Asian and Pacific Islander population increased by 89.2 percent and the American Indian and Eskimo population increased by 124.6 percent between 2000 and 2013, and constituted 0.6 and 1.9 percent respectively, of the total population of the city in 2013. On the following pages are a series of Maps 1.2 through 1.5 illustrating spatial concentrations of the various racial and ethnic groups within Tyler.

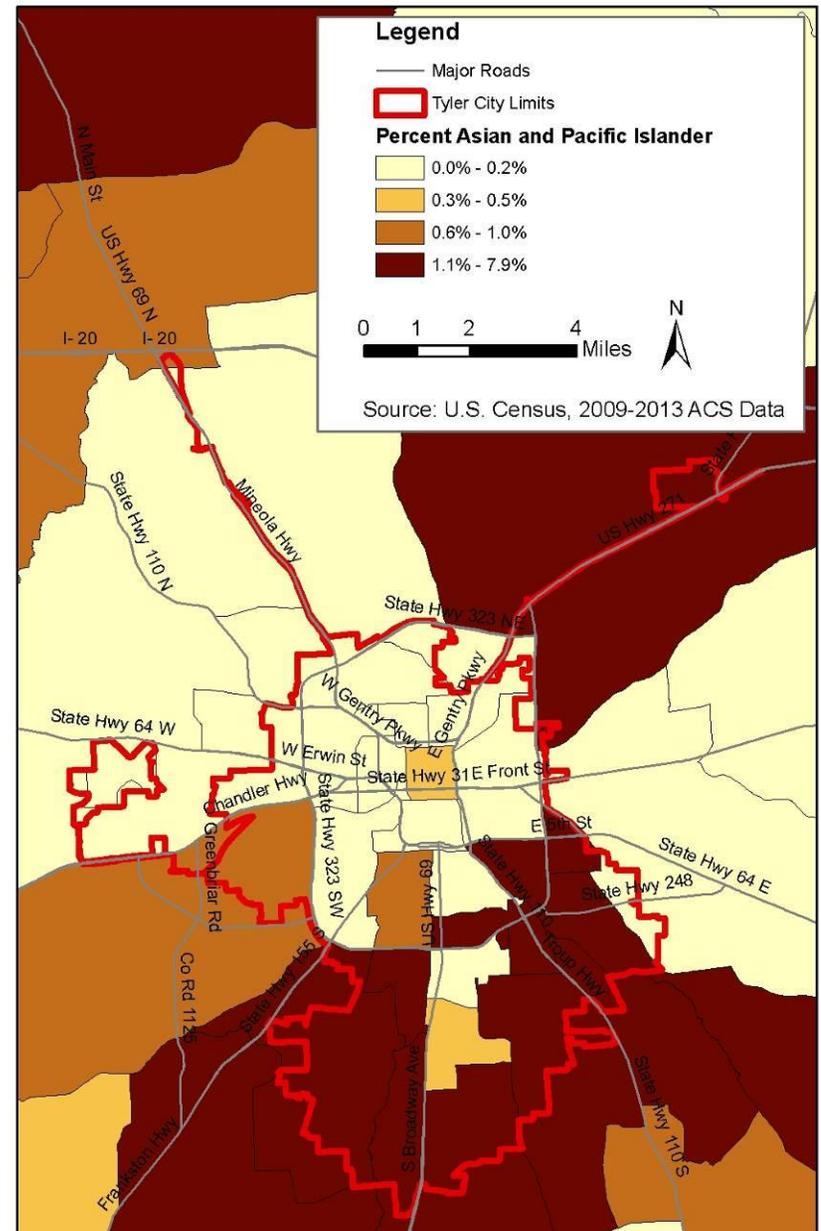
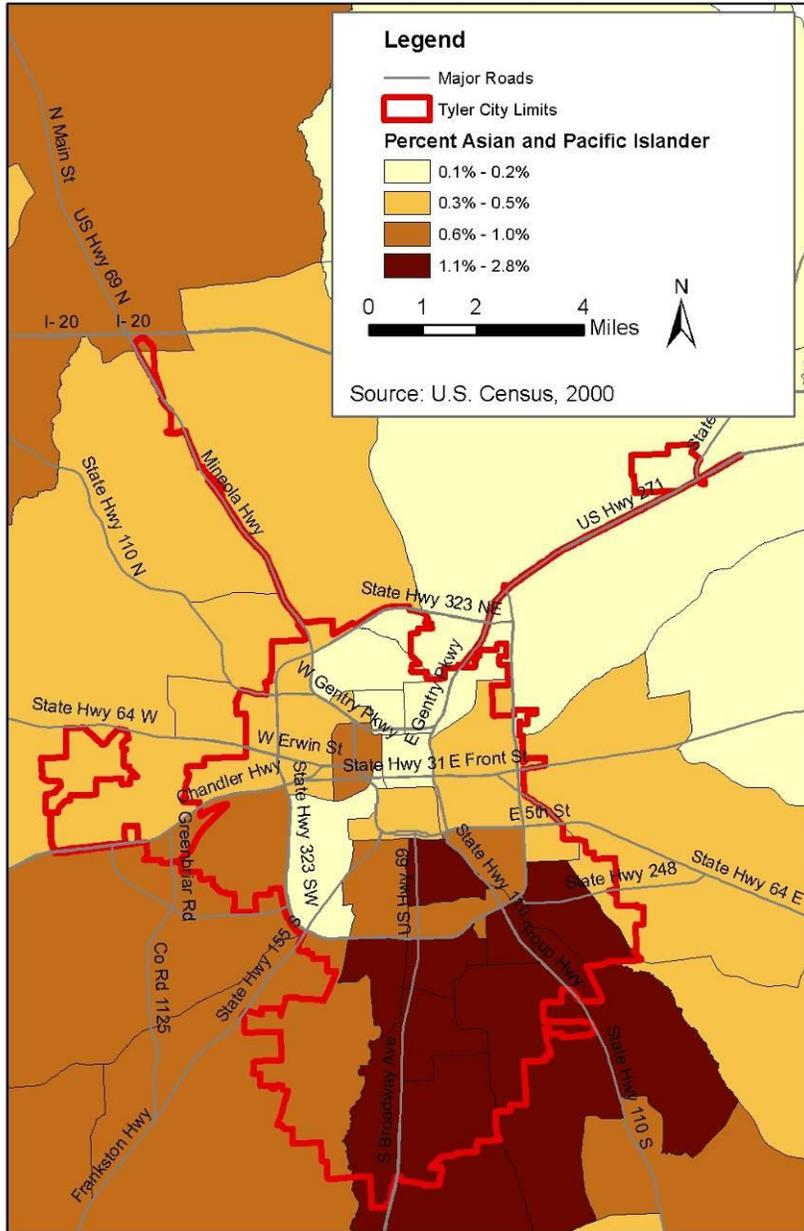
Map 1.2: Percent African-American by Census Tract, 2000 and 2009 - 2013



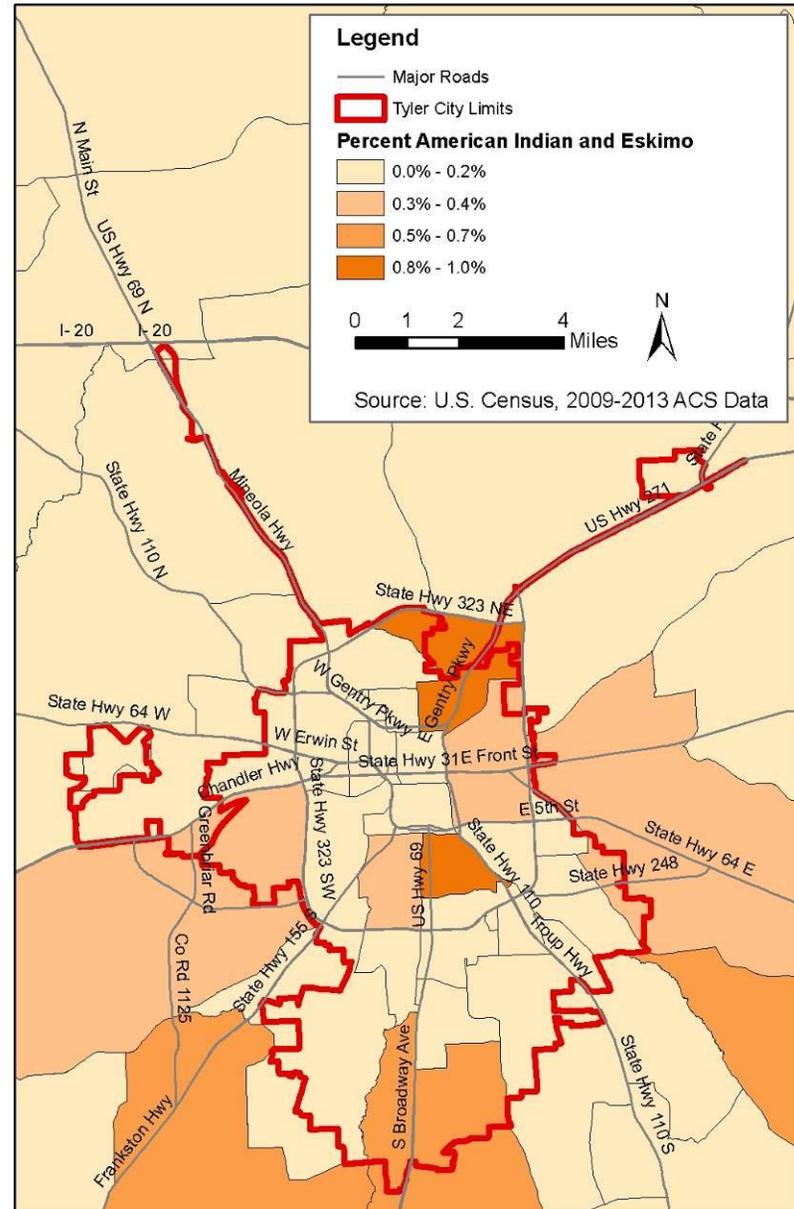
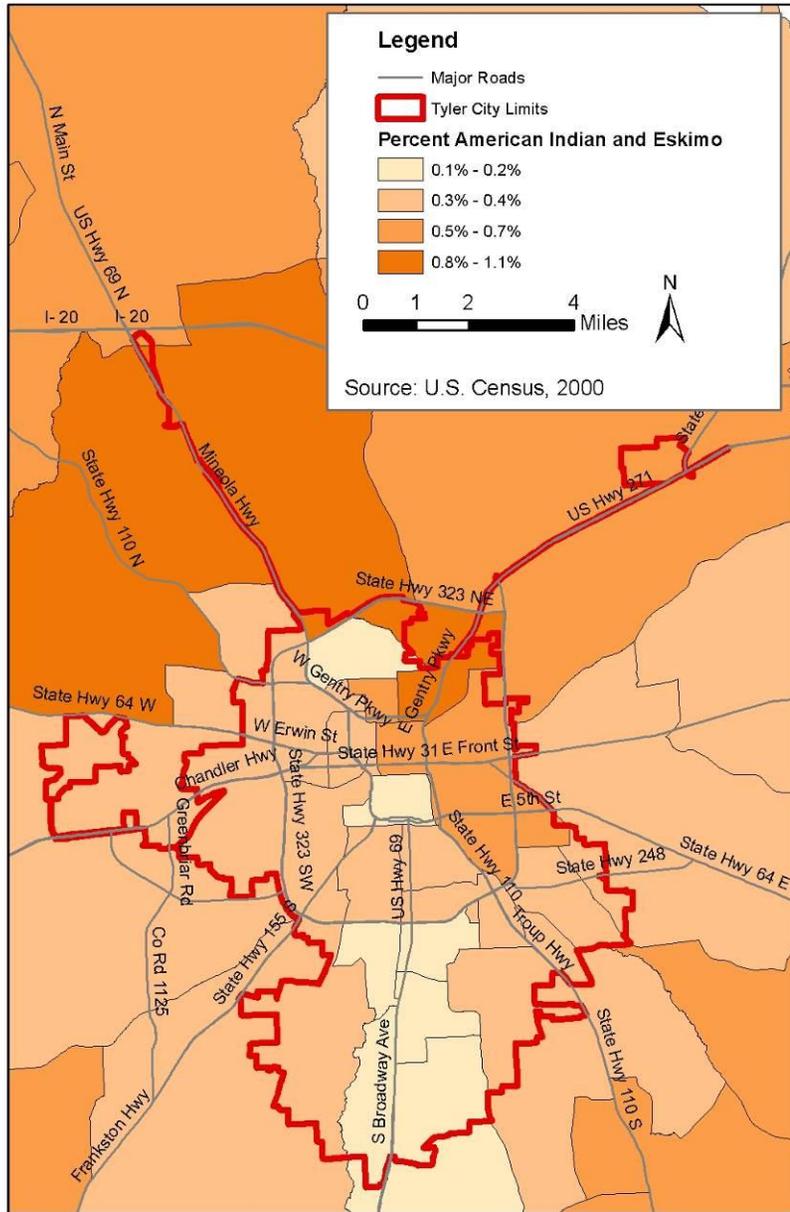
Map 1.3: Percent Hispanic by Census Tract, 2000 and 2009 - 2013



Map 1.4: Percent Asian and Pacific Islander by Census Tract, 2000 and 2009 - 2013



Map 1.5: Percent American Indian and Eskimo by Census Tract, 2000 and 2009 - 2013



The percentage of female-headed households with children in Tyler, as determined by the ACS 2009 – 2013, 5 year average, was disproportionately higher among African-Americans at 23.0 percent and Hispanics at 17.1 percent. Comparatively, female-headed households with children among Whites were 5.5 percent. When considering all family types with children present, the data show that 21.0 percent of all Whites, 36.4 percent of all African-Americans, and 65.0 percent of all Hispanics, in the city were in either a Married-couple family type with children category, Male householder family type with children category, or Female-Headed family type with children.

According to the ACS 2009 – 2013, 5 year average, non-family households in Tyler as a percentage of total households for all three of the major races/ethnicities were comparable. The data for that same time period also reveals that non-family households among Whites made up 43.6 percent of all White households in Tyler, compared to 38.2 percent among African-Americans, and 17.7 percent among Hispanics. Table 1.2, shows the family structure of White, African-American, and Hispanic households in the city between 2009 and 2013.

Table 1.2
Household structure by race for Tyler, 2009 - 2013 (5-Year Average)

Household Type	White		African-American		Hispanic	
	#	%	#	%	#	%
Family Households	12,667	56.4%	5,494	61.8%	4,401	82.3%
Married-couple	10,051	44.7%	2,065	23.2%	2,774	51.9%
Married-couple with children	3,313	14.7%	882	9.9%	2,292	42.8%
Male householder, no wife present	460	2.0%	475	5.3%	448	8.4%
Male householder with children	183	0.8%	311	3.5%	271	5.1%
Female householder, no husband present	2,156	9.6%	2,954	33.2%	1,179	22.0%
Female-Headed with children	1,231	5.5%	2,041	23.0%	915	17.1%
Non-Family Households	9,807	43.6%	3,393	38.2%	949	17.7%
Total Households	22,474	100.0%	8,887	100.0%	5,350	100.0%

Source: 2009 - 2013 American Community Survey

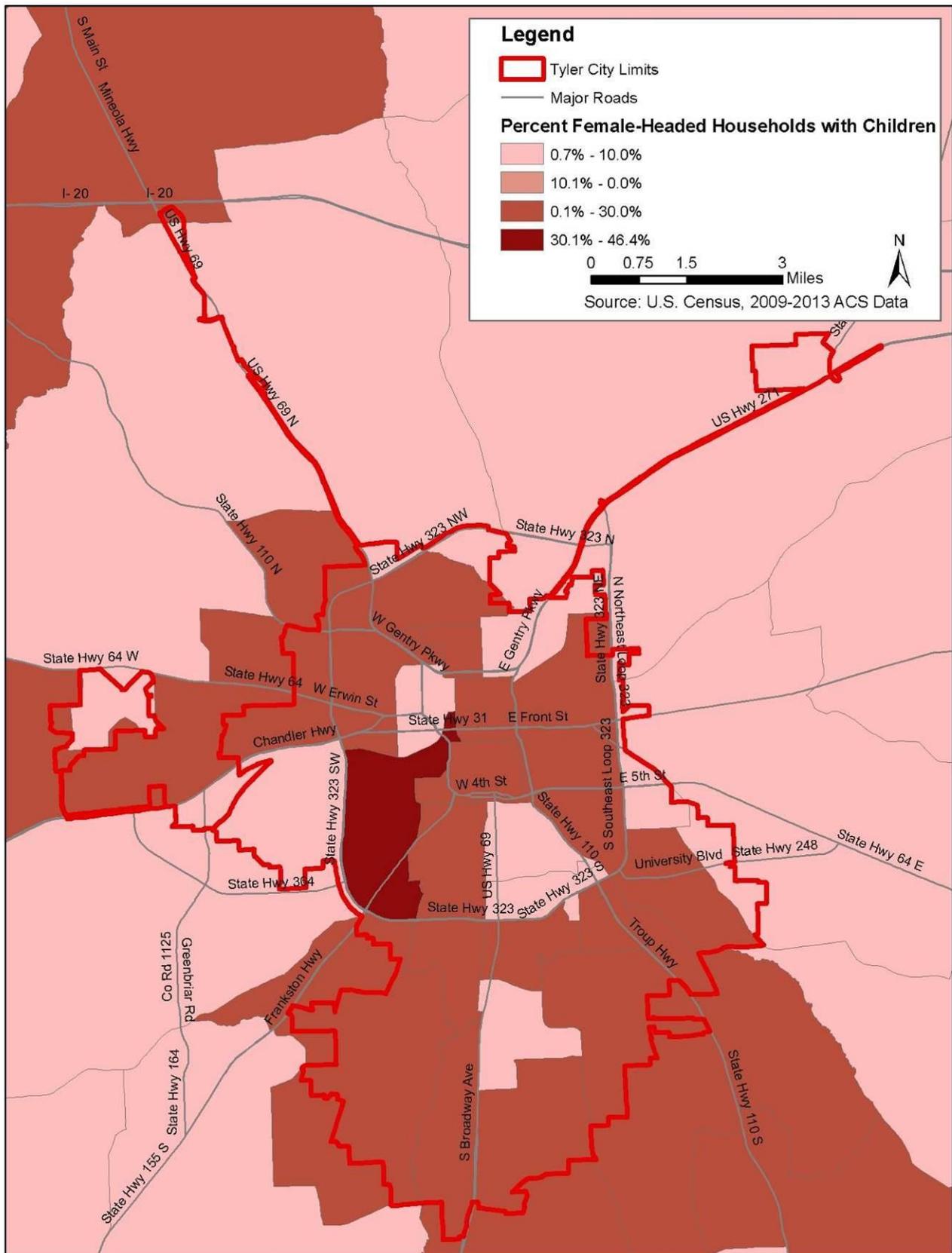
The spatial distribution of female-headed households with children is shown in Map 1.6, on the following page.

Female-Headed households with children were disproportionately higher among African-Americans and Male householder family types with children were disproportionately higher among Hispanics. Married couple households with children were disproportionately lower among African-Americans compared to all other racial and ethnic group populations.

The percentage of female-headed households with children among African-Americans was 23.0 percent and 17.1 percent among Hispanics, compared to 5.5 percent among Whites between 2009 and 2013.

Households with children made up 21.0 percent of all Whites, 36.4 percent of all African-Americans, and 65.0 percent of all Hispanics.

Map 1.6: Percent Female-Headed Households with Children by Census Tract, 2009 - 2013



1.2. Income

Low-income households are statistically more likely to be housed in less desirable housing stock and in less desirable areas of the city. Lack of funds often prevents those households from moving to areas where local amenities raise the value of the housing. Income plays a vital role in securing and maintaining housing.

The data in Table 1.3 and Chart 1.1, on the following page, shows the distribution of income across income classes among Whites, African-Americans, and Hispanics. The income distribution data shows a higher proportion of low-income households within the Hispanic 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 classes with the highest number of households) for Whites and Hispanics was the \$50,000 to \$74,999 with 17.1 percent of Whites and 20.4 of Hispanics. The modal income class for African-Americans was \$15,000 to \$24,999, with 19.3 percent of African-Americans.

According to the 2009 - 2013 ACS estimates (5-year average), the median household income was reported to be \$53,203 for White households, \$28,938 for African-American households, and \$41,369 for Hispanic households, compared to \$43,289 for the overall city.

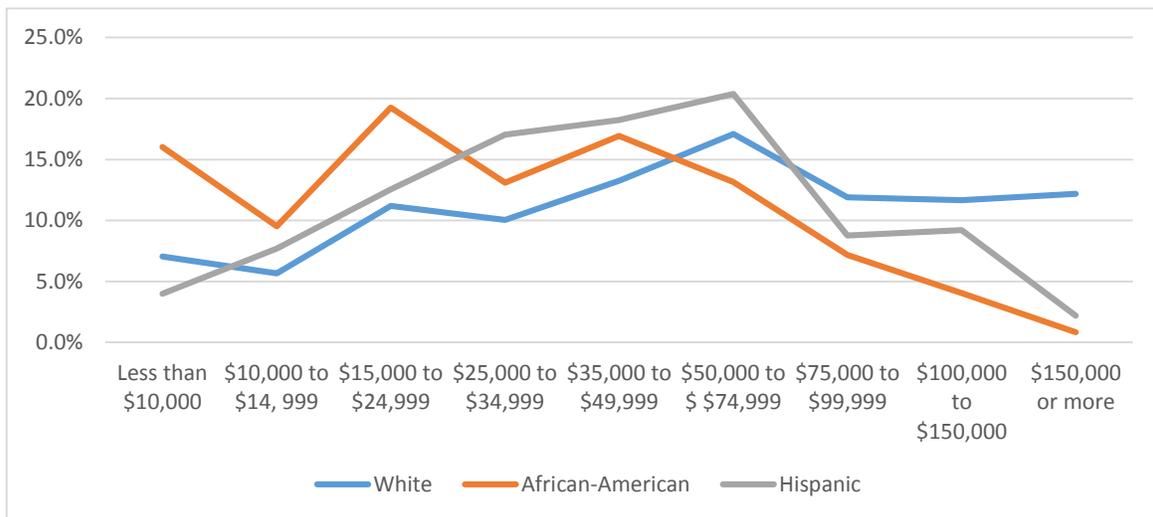
Map 1.7, on page 14, shows the median household income by census tract between 2009 and 2013.

Table 1.3
Households by race by income for Tyler, 2009 - 2013

Income class	White		African-American		Hispanic	
	#	%	#	%	#	%
Less than \$10,000	1,580	7.0%	1,423	16.0%	213	4.0%
\$10,000 to \$14, 999	1,271	5.7%	846	9.5%	412	7.7%
\$15,000 to \$24,999	2,516	11.2%	1,712	19.3%	671	12.5%
\$25,000 to \$34,999	2,258	10.0%	1,164	13.1%	912	17.0%
\$35,000 to \$49,999	2,979	13.3%	1,505	16.9%	976	18.2%
\$50,000 to \$ 74,999	3,840	17.1%	1,168	13.1%	1,090	20.4%
\$75,000 to \$99,999	2,671	11.9%	637	7.2%	468	8.7%
\$100,000 to \$149,999	2,619	11.7%	359	4.0%	492	9.2%
\$150,000 or more	2,740	12.2%	73	0.8%	116	2.2%
Total:	22,474	100.0%	8,887	100.0%	5,350	100.0%

Source: 2009 - 2013 American Community Survey

Chart 1.1: Percent of Households by income class by race for Tyler, 2009 - 2013

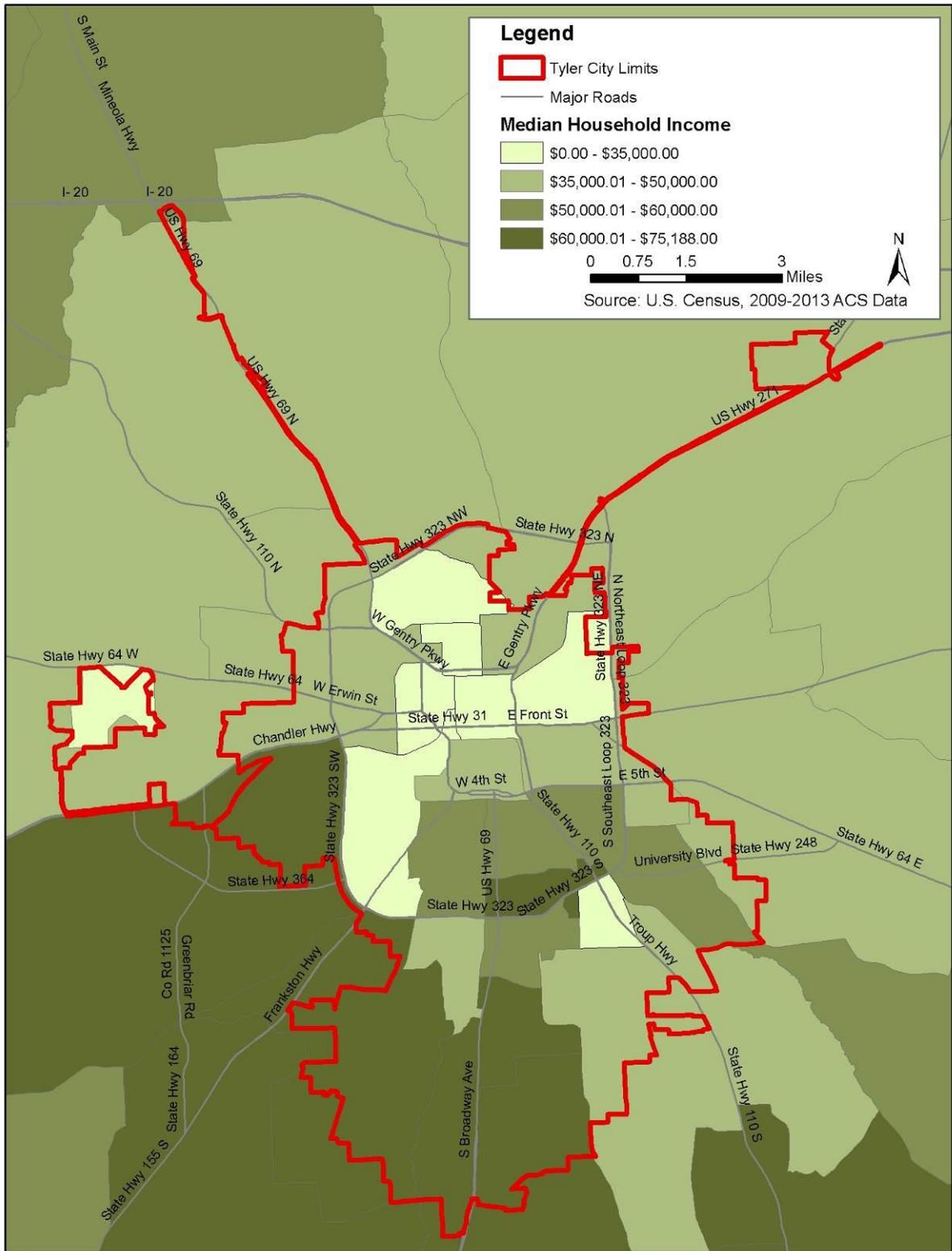


Source: 2009 - 2013 American Community Survey

Household income levels among African-Americans and Hispanics were disproportionately lower compared to Whites.

The median household income was disproportionately lower for African-American households at \$28,938 compared to \$53,203 for White households, \$41,369 for Hispanic households, and \$43,289 for the overall city.

Map 1.7: Median Household Income by Census Tract, 2009 - 2013



The poverty data in Table 1.4 below shows disparate impacts on the African-American and Hispanic communities. The incidence of poverty among African-Americans was 34.4 percent of the total population between 2009 and 2013, and among Hispanics was 23.4 percent. Among White persons, the poverty rate was 11.4 percent. In comparison, the poverty rate for the city was 19.9 percent during the period.

Table 1.4
Poverty Status by race Tyler, 2009 - 2013

Age Group	White		African-American		Hispanic	
	Number in Poverty	% in Poverty	Number in Poverty	% in Poverty	Number in Poverty	% in Poverty
Under 5 years	310	15.6%	1,058	57.2%	902	35.1%
5 years	13	3.1%	112	27.5%	147	31.8%
6 to 11 years	304	12.8%	1,054	49.1%	696	23.0%
12 to 17 years	289	10.0%	724	40.8%	641	26.3%
18 to 64 years	3,746	12.6%	4,194	30.5%	2,609	20.3%
65 to 74 years	332	6.9%	265	23.3%	128	27.2%
75 years and over	453	8.1%	198	18.3%	46	15.5%
Total	5,447	11.4%	7,605	34.4%	5,169	23.4%

Source: 2009 - 2013 American Community Survey

Higher percentage of African-Americans and Hispanics in the city lived in poverty, compared to Whites and African-Americans between 2009 and 2013.

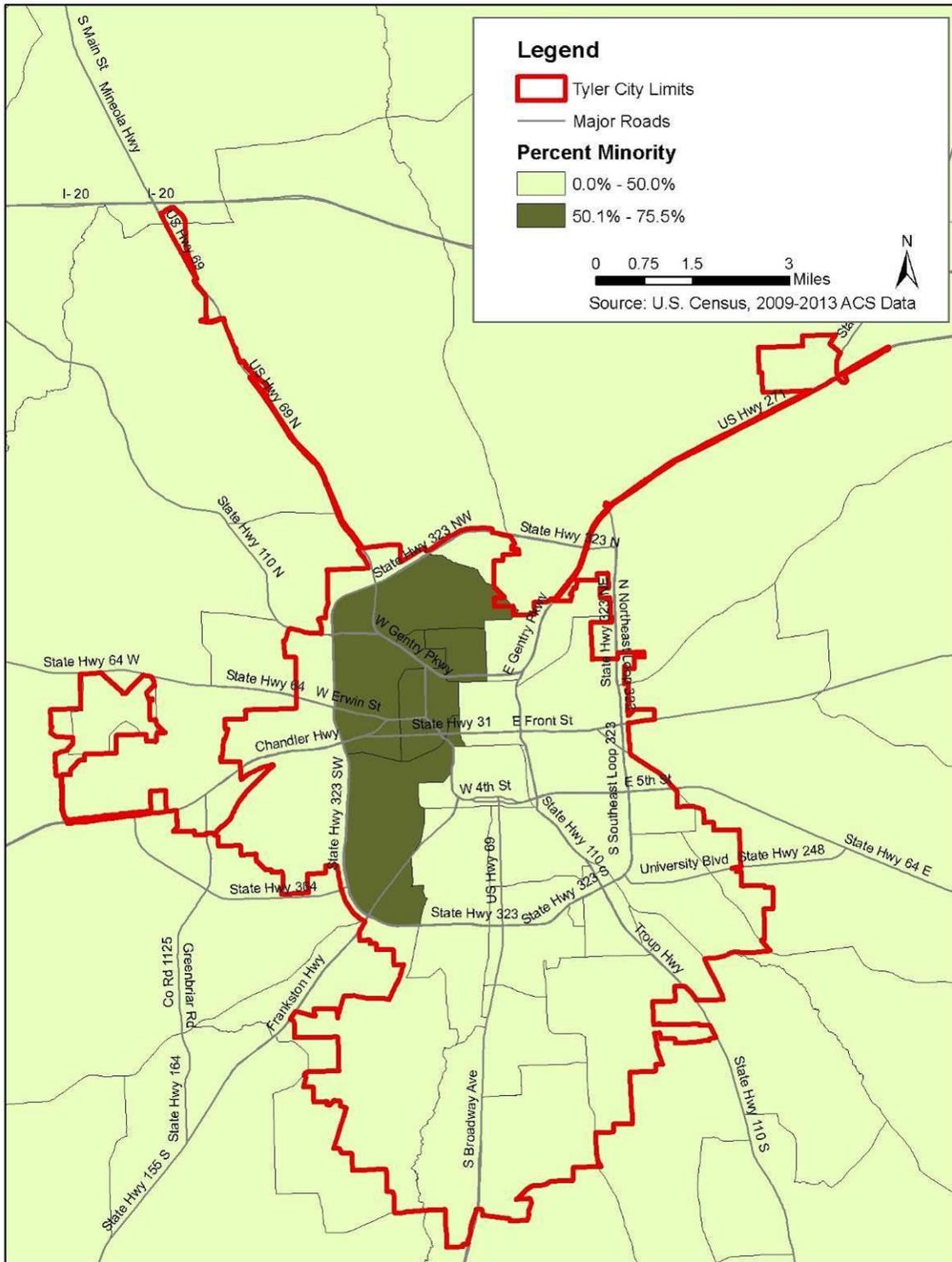
The poverty rate among African-Americans was 34.4 percent and 23.4 percent for Hispanics, compared to 11.4 percent for White persons between 2009 and 2013. The poverty rate for the city was 19.9 percent during the period.

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

The U. S. Department of HUD has defined “Areas of Poverty, Racial and Ethnic Concentration and Segregation (R-ECAP) – as areas or census tracts within a jurisdiction comprised of 50% or greater minority population and three times or more the tract level poverty of the MSA and generally lacking the basic amenities and failing to provide a quality of life expected and desired for any area within the MSA. HUD’s goal of de-concentration is to achieve minority concentrations and poverty level less than defined above by RCAP-ECAP and to transform these areas of concentration into “Opportunity Areas”. By HUD definition, Opportunity Areas offer access to quality goods and services, exemplary schools, health care, range of housing, transportation to employment and service centers, adequate public infrastructure, utilities, and recreation. The Map 1.8 on the following page depicts the census tract defined as concentrated and segregated as defined by the HUD RCAP-ECAP Calculation.

The poverty rate in the Tyler MSA is 16.7 percent. Three times the poverty is 50.1 percent, so 50.1 percent is the poverty threshold for the RCAP-ECAP criteria for the city. The census tract within the western area of Tyler had 50 percent or greater minority population. However no census tracts in the city were identified as having more than 50.1 percent poverty and populated with more than 50 percent minority population as defined by HUD as RCAP-ECAP census tracts.

Map 1.8: Areas of Concentrated Poverty and Racial / Ethnic Concentration and Segregation (RCAP-ECAP) by Census Tract*



*No areas present in Tyler that meet RCAP-ECAP criteria

1.3. Employment, Unemployment, Educational Attainment, Major Employers

Employment data reports opportunities in the employment sectors, unemployment rates, and educational attainment and educational levels of the employees. These factors impact wage earnings, and income, as well as, housing affordability and the location choice of residents. Table 1.5, below, provides an analysis of occupation data, which indicate that there has been some shift in the distribution of occupations between 2000 and 2013. Educational and Health Services had the largest increase during the period, up 2.0 percentage points to 27.3 percent. The Professional and Management Services sector had an increase, up 1.5 percentage points to 9.6 percent. Arts, Entertainment, and Recreation realized an increase of 1.0 percentage points to 10.1 percent of the workforce. Manufacturing sector realized the largest reduction of 4.1 percentage points to 8.2 percent of the workforce.

Table 1.5
Occupation of employed persons for Tyler, 2000 and 2009 - 2013 (5-Year Average)

Occupation	2000	2009 - 2013 Average	Percent Point Change
Agriculture hunting, and mining	2.3%	3.1%	0.8%
Construction	6.0%	5.5%	-0.5%
Manufacturing	12.3%	8.2%	-4.1%
Transportation and utilities	2.8%	2.8%	0.0%
Wholesale trade	3.0%	2.5%	-0.5%
Retail trade	14.7%	14.3%	-0.4%
Information	2.4%	2.8%	0.4%
Finance, insurance, and real estate	5.6%	5.0%	-0.6%
Professional and management services	8.1%	9.6%	1.5%
Educational, health and social services	25.3%	27.3%	2.0%
Arts, entertainment, recreation services	9.1%	10.1%	1.0%
Other services (except public administration)	5.3%	5.5%	0.2%
Public administration	3.2%	3.3%	0.1%

Source: US Census 2000 & 2009 - 2013 American Community Survey

The Unemployment data presented in Table 1.6 provides a portrait of the distribution of the unemployed. A closer look at the make-up of this total indicates that much higher levels of unemployment are centered in the African-American community. Between 2009 and 2013, an average of 5.3 percent of White persons (age 16 and over) reported being unemployed. African-American persons in the same age group reported a 13.3 percent unemployment rate, and Hispanics reported a 6.9 percent rate. As a comparison, the citywide unemployment rate was 7.4 percent.

Table 1.6
Employment Status by race for Tyler, 2009 - 2013

Employment Status	White		African-American		Hispanic	
	Number	Percent	Number	Percent	Number	Percent
In Labor Force:	25,699		11,019		10,612	
In Armed Forces	32	0.1%	25	0.2%	0	0.0%
Civilian:	34,908		12,952		11,213	
Employed	24,315	94.6%	9,533	86.5%	9,876	93.1%
Unemployed	1,352	5.3%	1,461	13.3%	736	6.9%
Not in labor force	17,083		6,725		3,967	
Total	42,782		17,744		14,579	

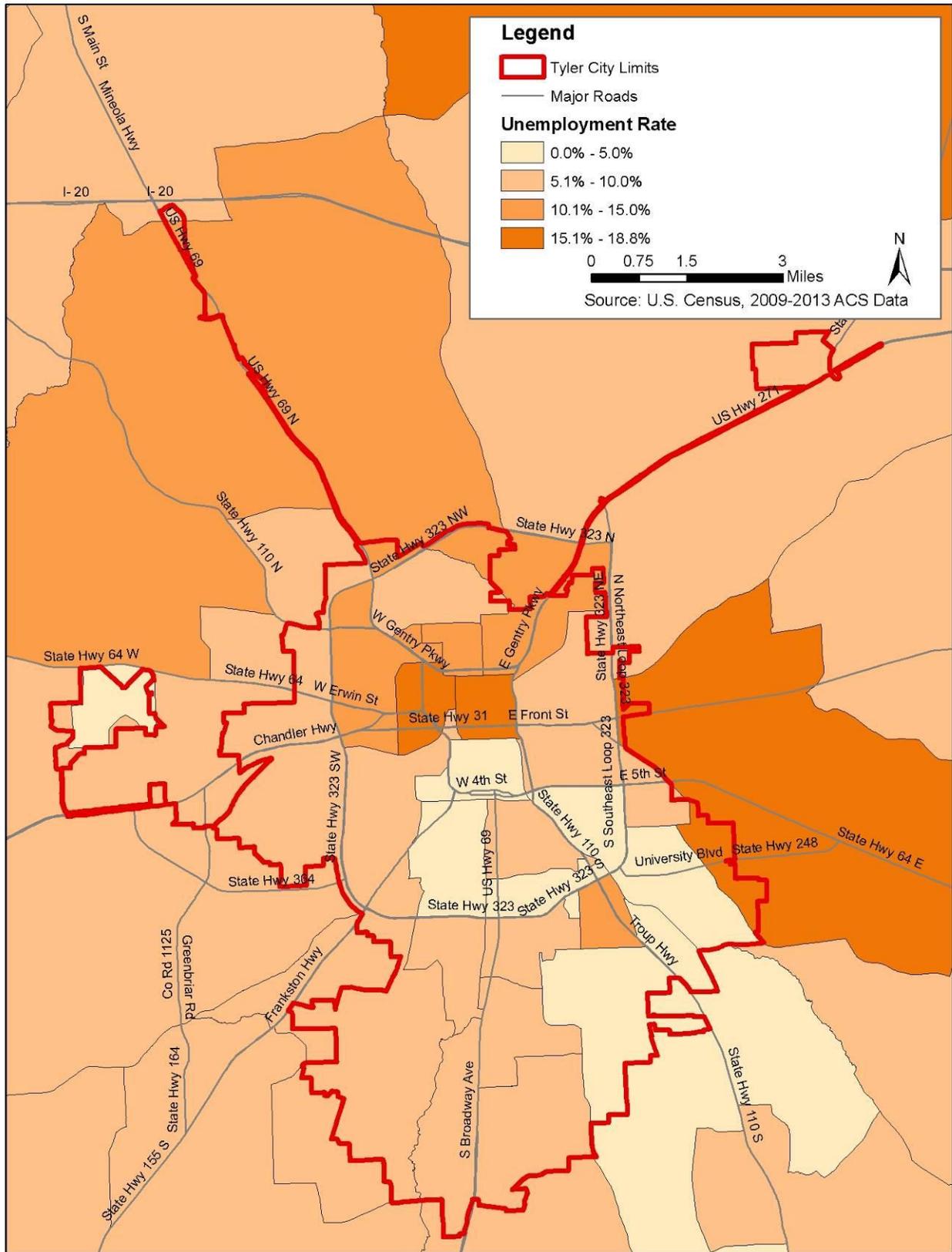
Source: 2009 - 2013 American Community Survey

According to the Bureau of Labor Statistics, the unemployment rate for the Tyler Area was 3.7 percent in April 2015 and 3.9 percent for the year 2014. Map 1.9, on the following page, shows the distribution of unemployed in Tyler.

African-Americans had significantly higher unemployment rates, compared to Whites and Hispanics, as well as compared to the City unemployment rate.

African-American persons in the 16 and above age group reported a 13.3 percent unemployment rate, Whites 5.3 percent unemployment, and Hispanics a 6.9 percent unemployment rate. As a comparison, the average unemployment rate for the City of Tyler was 7.4 percent between 2009 and 2013.

Map 1.9: Unemployment Rate by Census Tract, 2009 - 2013



Educational Attainment was disproportionately higher among Hispanics. According to the 2009 - 2013 ACS estimates (5-year average), 53.5 percent of Hispanics age 25 and above reported less than a high school education compared to 5.1 percent of Whites, and 15.1 percent of African-Americans for in the same age group. As a comparison, the percentage of population with less than a high school education in the city was 15.7 percent during the period.

Major Employers - According to the Tyler Economic Development Council, Inc., the major employers in the area include Trinity Mother Francis with 4,000 workers, East Texas Medical Center with 3,328 employees, and Brookshire Grocery Company with 2,522 employees. Tyler Independent School District has 2,449 employees and Walmart has 1,711 employees. Trane and Suddenlink include 1,500 workers. UT Tyler includes 1,094 employees.

To further examine the impact of employment proximity relative to housing choice for low and moderate income persons, we analyzed the use and availability of public transportation. 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

Tyler Transit, operated by the City of Tyler, provides public transportation services throughout Tyler. Bus services operate from Monday through Friday from 6:00 AM to 8:15 PM and on Saturdays from 9:00 AM to 6:00 PM. The basic fare is currently \$1.00 for adults and the fares are lower for elderly, children, and disabled persons.

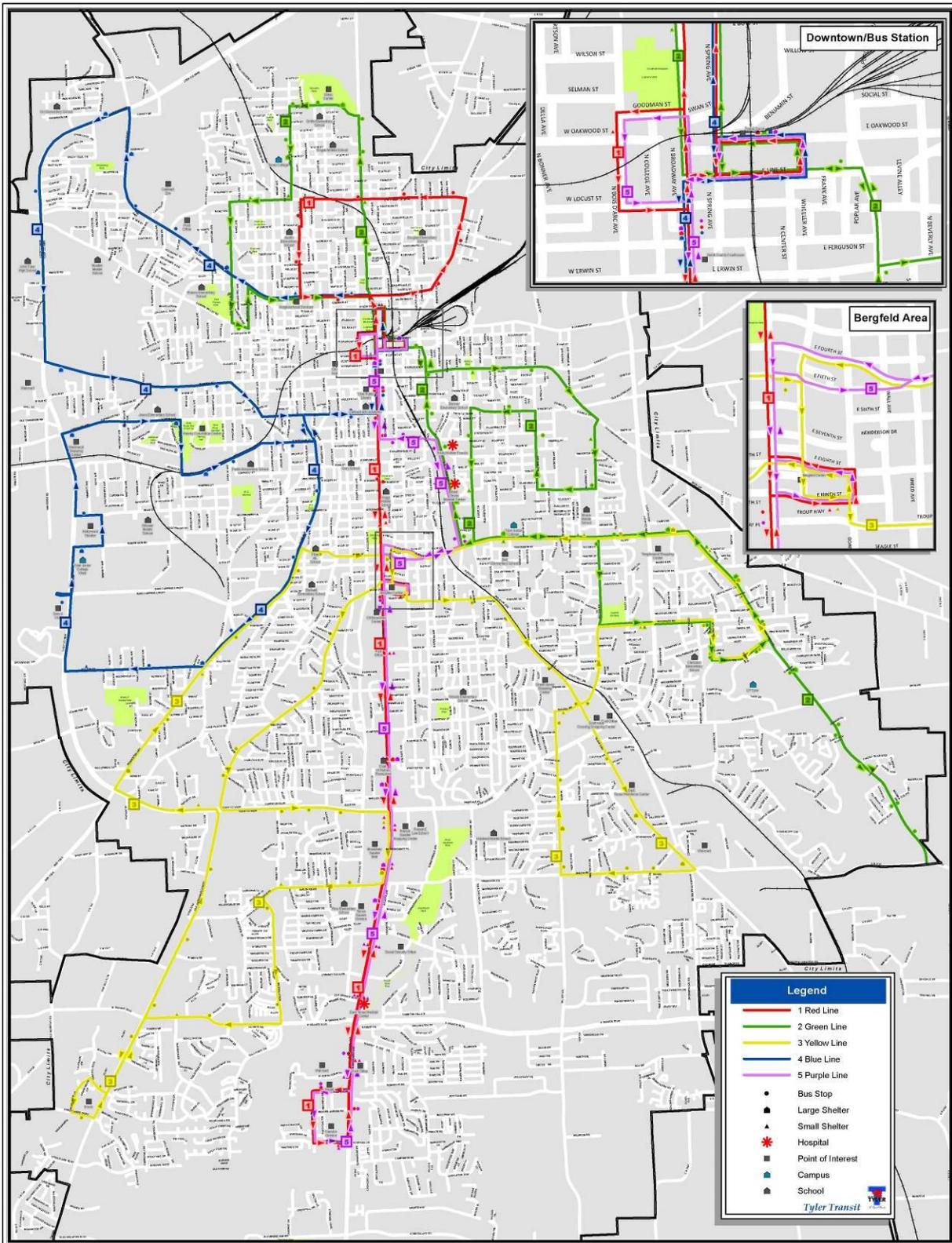
Fixed service routes are broken into five categories or colors:

- The Red Line connects central north Tyler with central south Tyler along Broadway Avenue
- The Blue Line provides service along the west side of Tyler
- The Green Line provides service in east Tyler
- The Yellow Line provides service primarily in central and south Tyler
- The Purple Line provides service primarily in central, north, and south Tyler.

Tyler Transit also offers a shared door-to-door Paratransit services for people with disabilities who cannot use the fixed-based routes. Fares are \$1.50 for all passengers, including children; however, personal care attendants aged 12 or older can ride free.

Map 1.10 on the following page illustrates the bus routes in Tyler.

Map 1.10: Public Transportation Routes



Source: City of Tyler

5. Housing

According to the 2009 - 2013 ACS estimates (5-year average), the total number of housing units in the city was 41,944 with 4,031 or 9.6 percent vacant units. As shown in Table 1.7, to the right, there were 35,377

housing units in Tyler in 2000. The total number of housing units in the city increased 18.7 percent between 2000 and 2013. According to the 2009 - 2013 ACS estimates (5-year average), the total number of housing units in the city was 41,944, of which, 49.0 percent were owner-occupied, 41.4 percent were renter-occupied, and the remaining 9.6 percent were vacant. The median housing value in the city was \$126,200 and the median contract rent was \$665 between 2009 and 2013.

Table 1.8, to the right, shows that of all housing units in the city, 62.6 percent were categorized as single-family detached, 4.1 percent as single-family attached, 7.6 percent contained two to four units, 24.6 percent classified as multifamily, and 1.1 percent as mobile home or other.

Table 1.7

Tenure for housing in Tyler, 2000, and 2009 - 2013 (5-Year Average)

Tenure	2000		2009 - 2013 (Average)	
	Number	Percent	Number	Percent
Owner-occupied	18,283	51.7%	20,548	49.0%
Renter-occupied	14,242	40.3%	17,365	41.4%
Vacant	2,812	8.0%	4,031	9.6%
Total:	35,337	100.0%	41,944	100.0%

Source: US Census 2000, and 2009 - 2013 American Community Survey

Table 1.8

Housing type for Tyler, 2009 - 2013 (5-Year Average)

Units in Structure	Number	Percent
Single-Family detached	26,266	62.6%
Single-Family attached	1,721	4.1%
2-4 units	3,181	7.6%
Multifamily	10,319	24.6%
Mobile home or Other	457	1.1%
Total	41,944	100.0%

Source: 2009 - 2013 American Community Survey

The Majority of housing stock in Tyler was single-family housing. Approximately 67 percent of all housing units were single-family, and 49 percent of all housing units in the city were owner-occupied between 2009 and 2013.

As shown on Table 1.9 below, 11.7 percent of all housing units were built prior to 1950, 13.9 percent were built between 1950 and 1959, 12.5 percent were built between 1960 and 1969, 19.4 percent were built between 1970 and 1979, and 42.6 percent were built after 1979. About 38 percent of the housing stock is more than 40 years old, built prior to 1970. These units may contain lead-based paint or likely be in need of repairs and maintenance.

Table 1.9
Age of Housing Stock in Tyler, 2009 - 2013 (5-Year Average)

Year Built	Number	Percent
Built 2010 or later	389	0.9%
Built 2000 to 2009	6,574	15.7%
Built 1990 to 1999	4,306	10.3%
Built 1980 to 1989	6,590	15.7%
Built 1970 to 1979	8,139	19.4%
Built 1960 to 1969	5,223	12.5%
Built 1950 to 1959	5,810	13.9%
Built 1940 to 1949	2,990	7.1%
Built 1939 or earlier	1,923	4.6%
Total	41,944	100.0%

Source: 2009 - 2013 American Community Survey

About 47.4 percent of the housing stock in Tyler was built prior to 1980 and these units may contain lead-based paint or likely be in need of repairs and maintenance.

According to the 2009 - 2013 ACS data shown in Table 1.10 to the right, the homeownership rate among Whites was 59.2 percent, compared to 41.3 percent among African-Americans, and 47.9 percent among Hispanics.

Table 1.10
Tenure by Race in Tyler, 2009 - 2013 (5-Year Average)

Tenure by Race	Owner-occupied		Renter-occupied	
	#	%	#	%
White	13,300	59.2%	9,174	40.8%
African-American	3,671	41.3%	5,216	58.7%
Hispanic	3,183	47.9%	2,167	32.6%

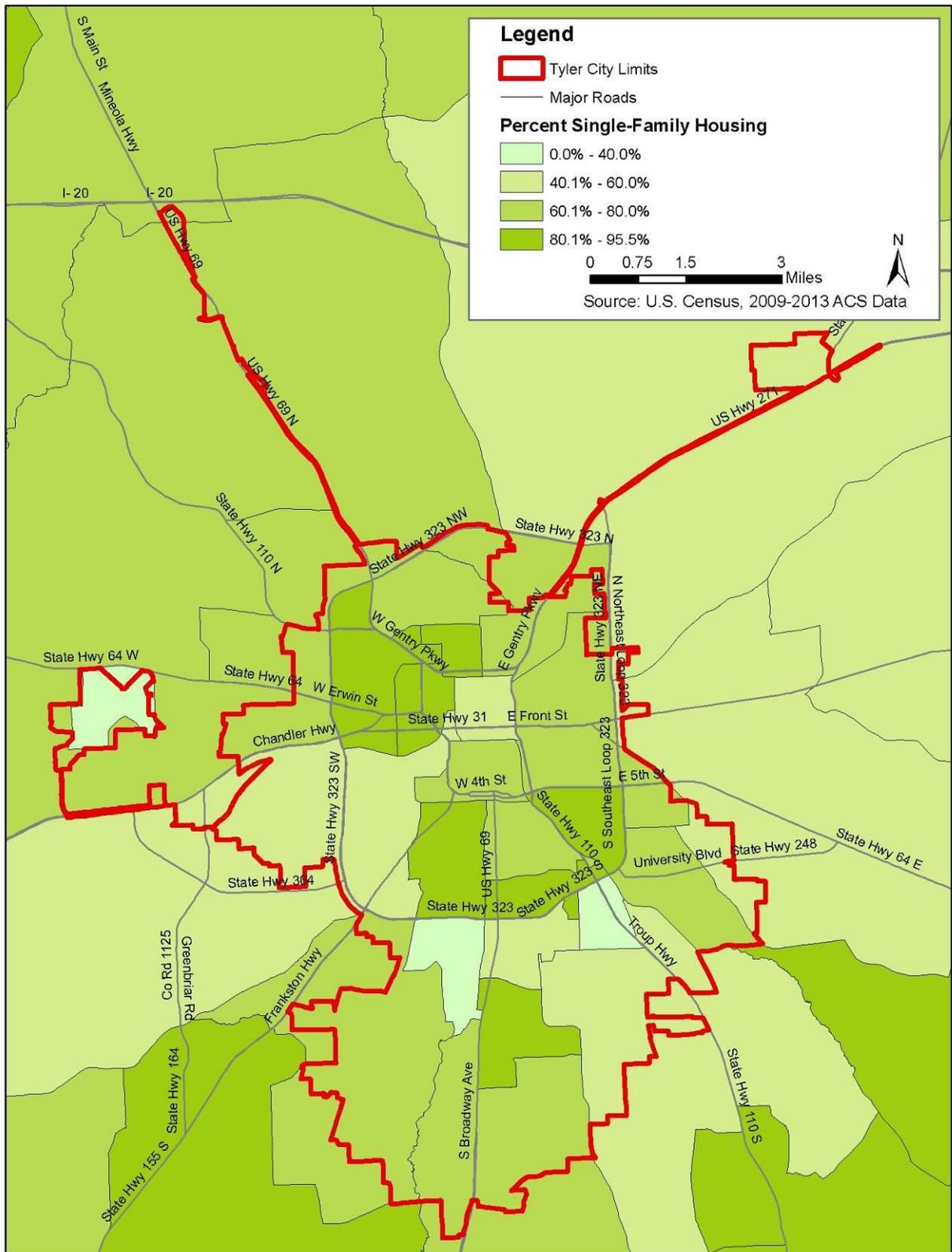
Source: 2009 - 2013 American Community Survey

Homeownership rates were disproportionately lower among African-Americans and Hispanics, compared to Whites.

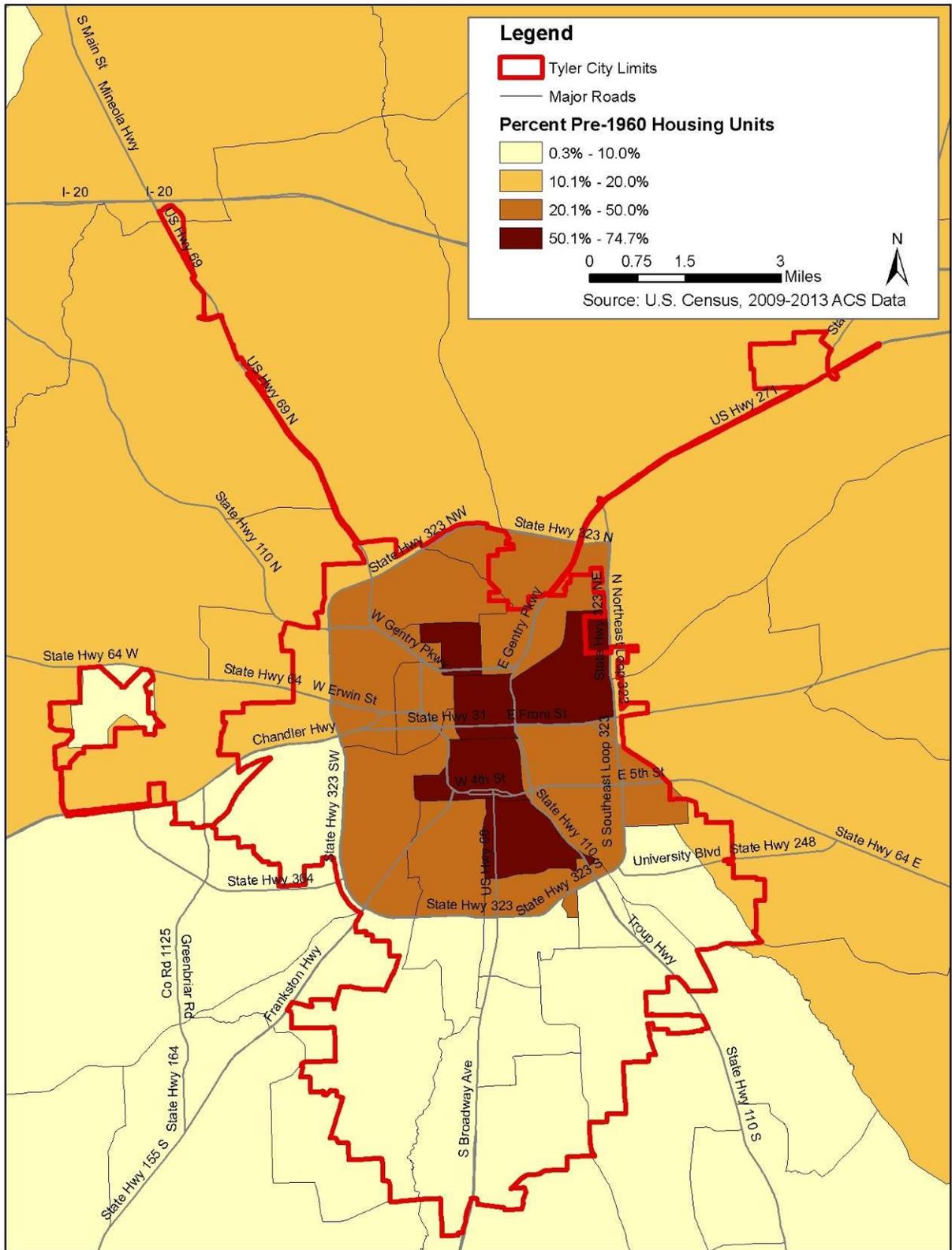
The homeownership rate among Whites was 59.2 percent, compared to 41.3 percent among African-Americans, and 47.9 percent among Hispanics between 2009 and 2013.

Map 1.11, on the following page, and Map 1.12, on page 27, indicate the distribution of single-family and multifamily housing across the city. Map 1.13, on page 28, provides a geographic representation of the distribution of the oldest housing stock in the city. Maps 1.14 and 1.15, on pages 29 and 30, provide a geographic depiction of the distribution of housing values and rents across the city.

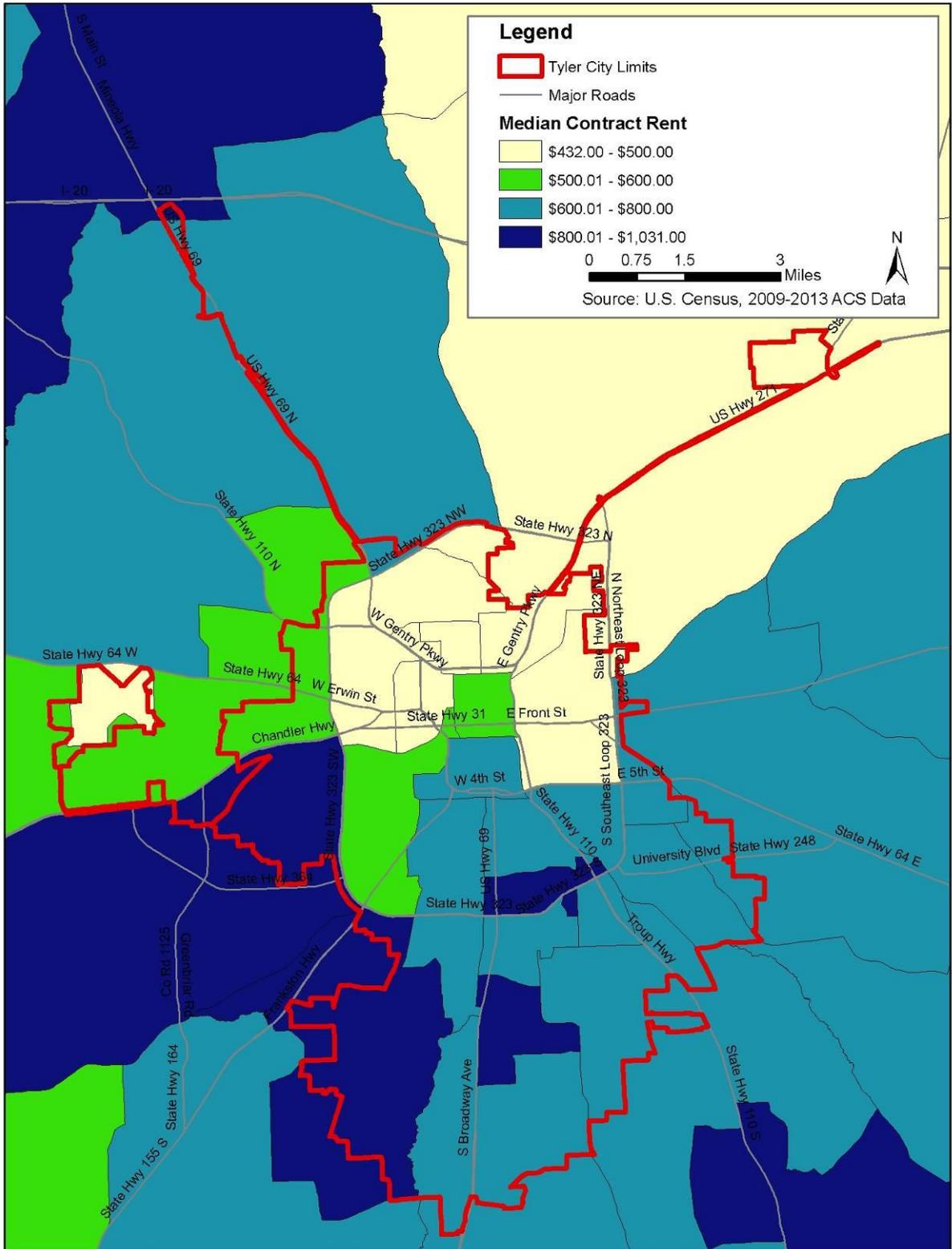
Map 1.11: Percent Single-Family Housing Units, 2009 - 2013



Map 1.13: Percent Pre-1960 Housing Stock by Census Tract



Map 1.15: Median Contract Rent by Census Tract, 2009 - 2013



Data contained in the Comprehensive Housing Affordability Strategy (CHAS) data compiled from American Communities Survey results from 2008 through 2012, duplicated in Table 1.11, indicates that the impact of housing costs on household incomes is very severe on low- and very low-income households. The table shows that 81.2 percent of all very low-income renters (those earning between 0 percent and 30 percent of the median family income) and 79.2 percent of very low-income homeowner households paid more than 30 percent of their income on housing expenses. Furthermore, 75.7 percent of very low-income renters and 54.0 percent of very low-income homeowners paid more than 50 percent of their incomes on housing expenses between 2007 and 2011.

Looking at the “Other Low-Income” households (those earning between 31 percent and 50 percent of the median family income), 86.3 percent of low-income renters and 61.0 percent of low-income homeowners paid more than 30 percent on housing expenses. Also, 43.1 percent of renters and 35.5 percent of homeowners paid more than 50 percent on housing expenses.

The moderate-income category (those earning between 51 percent and 80 percent of the median family income), shows 60.8 percent of renters and 45.3 percent of homeowners had rent burdens in excess of 30 percent, and 9.7 percent renters and 15.0 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, 2008 - 2012

Income Distribution Overview	Owner	%	Renter	%	Total
Household Income <= 30% HAMFI	1,250	25.3	3,690	74.7	4,940
Household Income >30% to <=50% HAMFI	1,720	35.9	3,065	64.1	4,785
Household Income >50% to <=80% HAMFI	3,110	47.4	3,455	52.6	6,565
Household Income >80% to <=100% HAMFI	1,810	46.2	2,110	53.8	3,920
Household Income >100% HAMFI	12,590	71.1	5,110	28.9	17,700
Total	20,480	54.0	17,430	46.0	37,910

	Cost burden		Cost burden		
Income by Cost Burden (Owners and Renters)	> 30%	%	> 50%	%	Total
Household Income <= 30% HAMFI	3,985	80.7	3,465	70.1	4,940
Household Income >30% to <=50% HAMFI	3,695	77.1	1,925	40.2	4,790
Household Income >50% to <=80% HAMFI	3,505	53.4	800	12.2	6,565
Household Income >80% to <=100% HAMFI	700	17.9	175	4.5	3,920
Household Income >100% HAMFI	1,050	5.9	105	0.6	17,700
Total	12,935	34.1	6,470	17.1	37,910

	Cost burden		Cost burden		
Income by Cost Burden (Renters only)	> 30%	%	> 50%	%	Total
Household Income <= 30% HAMFI	2,995	81.2	2,795	75.7	3,690
Household Income >30% to <=50% HAMFI	2,645	86.3	1,320	43.1	3,065
Household Income >50% to <=80% HAMFI	2,100	60.8	335	9.7	3,455
Household Income >80% to <=100% HAMFI	390	18.5	130	6.2	2,110
Household Income >100% HAMFI	210	4.1	10	0.2	5,110
Total	8,340	47.8	4,590	26.3	17,430
	Cost burden		Cost burden		
Income by Cost Burden (Owners only)	> 30%	%	> 50%	%	Total
Household Income <= 30% HAMFI	990	79.2	675	54.0	1,250
Household Income >30% to <=50% HAMFI	1,050	61.0	610	35.5	1,720
Household Income >50% to <=80% HAMFI	1,410	45.3	465	15.0	3,110
Household Income >80% to <=100% HAMFI	310	17.1	45	2.5	1,810
Household Income >100% HAMFI	840	6.7	95	0.8	12,590
Total	4,600	22.5	1,890	9.2	20,480

Source: HUD Comprehensive Housing Affordability Strategy (CHAS) Tables from ACS, 2008-2012

According to the 2009 - 2013 ACS estimates shown in Table 1.12 to the right 51.3 percent of renter households paid more than 30 percent of their household income towards rent. About 76 percent of the renter households with household income of less than \$10,000, 89.1 percent of the renter households that earned between \$10,000 to \$19,999, 73.3 percent of the renter households that earned between \$20,000 to \$34,999, and 24.5 percent of the renter households that earned between \$35,000 to \$49,999 spent more than 30 percent of their households income towards rent during the five-year period.

As shown in Table 1.13, to the right, 22.9 percent of owner households were 30 percent cost burden and 8.8 percent of the owner households were 50 percent cost burden during the same period.

Table 1.12
Gross Rent as a Percent of Household Income in Tyler,
2009 - 2013 (5-Year Average)

Gross Rent as a Percent of Household Income	Number of Households	Cost Burden 30%
Less than \$10,000	2,648	
Less than 30.0 percent	62	
30.0 percent or more	2,004	75.7%
\$10,000 to \$19,999	3,434	
Less than 30.0 percent	167	
30.0 percent or more	3,061	89.1%
\$20,000 to \$34,999	4,112	
Less than 30.0 percent	993	
30.0 percent or more	3,013	73.3%
\$35,000 to \$49,999	2,601	
Less than 30.0 percent	1,918	
30.0 percent or more	638	24.5%
\$50,000 or more	4,570	
Less than 30.0 percent	4,290	
30.0 percent or more	193	4.2%
Total Renter Households	17,365	
Less than 30.0 percent	7,430	
30.0 percent or more	8,909	51.3%

Source: 2009 - 2013 American Community Survey

Table 1.13
Owner Costs as a Percent of Household Income in
Tyler,
2009 - 2013 (5-Year Average)

Housing Cost as a Percent of Household Income	Number of Owner Households	Percent
Less than 30.0 percent	15,760	76.7%
30.0 percent or more	4,714	22.9%
50.0 percent or more	1,813	8.8%
Not computed	74	0.4%
Total Owner-Occupied households	20,548	100.0%

Source: 2009 - 2013 American Community Survey

According to the 2009–2013 ACS data, 51.3 percent of the renter households in Tyler were cost burden paying more than 30 percent of income for housing.

For this same time period, 22.9 percent owner households paid more than 30 percent of their household income for housing and 8.8 percent of owner households were 50 percent cost burden.

One of the most revealing indicators that minorities are more likely to require rental housing and lag far behind Whites in obtaining housing of their choice is in the category of homeownership. The homeownership rate among Whites was 59.2 percent, compared to 41.3 percent among African-Americans, and 47.9 percent among Hispanics between 2009 and 2013.

Other limitations for African-Americans and Hispanics include lower incomes, and a disproportionate number of minority households living in poverty. The poverty rate among African-Americans was 34.4 percent and Hispanics was 23.4 percent, compared to 11.4 percent for White persons and 19.9 percent for the overall city between 2009 and 2013. The median household income was reported to be \$28,938 for African-American households and \$41,369 for Hispanic households, compared to \$53,203 for White households and \$43,289 for the overall city during the period. All of these factors combine limit housing choice of the city's minority populations.

Section 2: Fair Housing Law, Court Case, Policies, Regulatory, Entitlement Programs and Complaint Analysis

Introduction

It is important to examine how the City of Tyler's laws, regulations, policies and procedures will ultimately affect fair housing choice. Fair housing choice is defined, generally, as the ability of people with similar incomes to have similar access to location, availability and quality of housing. Therefore, 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.

The first part of this section, Section 2.1, will address the existing statutory and case law that work to remove impediments and promote fair housing choice. The Federal Fair Housing Act can be effective in mitigating barriers to fair housing choice, depending upon enforcement efforts. Relevant judicial court case decisions pertaining to fair housing were reviewed and are incorporated in the analysis. Other related regulations and case law that provide further interpretation, understanding, and support to the Federal Fair Housing Act were considered and will also be discussed.

Tyler has not enacted local fair housing legislation that is substantially equivalent to Federal Fair Housing Law. Therefore, our analysis of applicable fair housing laws focused on the State of Texas Fair Housing Act. In the analysis the State of Texas statutes were compared to the Federal Fair Housing Act to determine whether they offered similar rights, remedies, and enforcement to the federal law and is construed as being substantially equivalent to the Federal Act. Pertinent related laws, such as the Community Reinvestment Act and Home Mortgage Disclosure Act, were reviewed with respect to how they can facilitate fair lending. Section 2.2 summarizes the level of fair housing enforcement activity in the Tyler.

A more difficult, but intertwined, aspect of evaluating barriers to fair housing choice involves an analysis of public policy, programs and regulations that impact the availability of affordable housing. Our analysis centered on how governmental actions impact fair housing choice and the availability of adequate, decent, safe, and affordable housing for people of all incomes. We examined government subsidies and public funding appropriations used to provide housing assistance for very low- and low-income households. This included an analysis of any Tyler funded Community Development Block Grant (CDBG), and Home Investment Partnership Act (HOME) programs utilizing federal entitlement funding provided in Section 2.3. Numerous documents were collected and analyzed to complete this section. The key documents are Consolidated Plans, current and previous Annual Action Plans, and the Consolidated Annual Performance Evaluation Reports (CAPER). City staff also provided information on its current and future initiatives utilizing CDBG funds and other federal grants.

Our analysis of development regulations, advisory board actions and public policy documents are presented in Section 2.4. This section focuses on building codes, zoning ordinances, land use plans, local initiatives and governmental actions relative to development and incentives that stimulate development. The analysis of public policy includes decisions by City of Tyler Departments, advisory boards and City Council.

Section 2.5 provides an analysis of fair housing complaints filed with HUD. Section 2.5 also contains conclusions about fair housing barriers based on existing laws, enforcement efforts, fair housing complaint analysis, and the availability of affordable housing. The HUD Washington D.C. Field Office, Fair Housing and Equal Opportunity (FHEO) Division has responsibility for fair housing enforcement in Tyler. Official compliant data was received from the HUD Washington D.C. Field Office, Fair Housing Equal Opportunity Division.

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. Due to the volume of questions and complaints surrounding this aspect of the federal act at the national level, in March 2008, the Department of Justice (DOJ) and the Department of Housing and Urban Development (HUD) released a joint statement to technically define the rights and obligation of persons with disabilities and housing providers.

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 \$11,000; the second offense within a five year period, up to \$27,500; and for a third violation within seven years up to \$55,000.

The 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 in an advertisement but to the images and human models shown. Ad campaigns may not limit images to include only or mostly models of a particular race, gender, or family type.

As a test to determine if advertising relative to housing and real estate in the local housing market have impediments to fair housing, a review of local advertisements in real estate publications from June and July 2015 was conducted. These types of advertisements cover an area larger than just Tyler, 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.

Publications advertising the sale or rental of housing directed toward persons in Tyler were reviewed including Apartment Finder, The Real Estate Book, and various local real estate sales publications. There were no major concerns revealed. Some publications made blanket statements at the front of the publication stating that the magazines as well as their advertisers are subject to the Federal Fair Housing Act. Most of the advertisers advertise with the equal housing opportunity logo or slogan. Including the logo helps educate 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. Additionally, most of the images included in the selected materials either represented racial, ethnic or gender diversity among the models selected.

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 a city or county in that state 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 county or city must be located in a state with a fair housing law that has been determined by HUD to be substantially equivalent. Then, the local jurisdiction 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 FHAP 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

Court Decisions play a major role in interpreting the Federal Fair Housing Act and defining the protections under the Act. A review of the ruling for landmark and other significant cases has been incorporated into the AI methodology to identify actions, omissions, policies, and regulations resulting in litigations that serve to inform jurisdictions, industries, advocacy groups and the general public prior to those same actions being challenged in their jurisdictions. The following provides highlights of select cases:

On Thursday, June 25, 2015, the Supreme Court released a 5-4 ruling that allows housing policies and practices to be challenged under the Federal Fair Housing Act based on disparate impact. The U.S Supreme Court's ruling in **Texas Department of Housing and Community Affairs v. The Inclusive Communities Project, et. al**, was one of the most highly anticipated rulings in the area of fair housing and the placement of tax credit developments. This lawsuit was originally filed in 2008 when The Inclusive Communities Project (ICP) filed a disparate impact claim against the Texas Department of Housing and Community Affairs (TDHCA) alleging that it was disproportionately awarding most of the tax credits in racially segregated neighborhoods. Disparate impact is when a policy or practice has an adverse impact on any one racial or ethnic group. More specifically ICP claimed that TDHCA was preserving racial segregation in the manner in which it was awarding the tax credits. This claim contended that although TDHCA's policies appeared race neutral, they in fact had a discriminatory effect on poor, minority communities.

The lawsuit was brought so that TDHCA would change its rules and policies and therefore distribute awards of low income housing tax credits in more suburban areas. The District Court found that ICP had established its claim of disparate impact and provided that TDHCA create new selection criteria for the awarding of the credits to assure a more equal distribution of the credits. TDHCA appealed the district court ruling, but the Fifth Circuit upheld the District Court and found that the disparate impact claims

are recognizable under the Fair Housing Act (“FHA”). Prior to this ruling, HUD issued new regulation, the Assessment of Fair Housing (AFH), which set out the federal government’s interpretation of disparate impact liability under the Fair Housing Act. This regulation indicated that the plaintiff had the burden of showing that the challenged practice had a discriminatory effect before the burden then shifts to the defendant to show that the practice is in fact necessary. For this reason, the Fifth Circuit also held that it was not the burden of TDHCA to prove there were “less discriminatory methods for allocating the tax credits”. TDHCA filed a writ of certiorari or request to be heard by the Supreme Court, for a ruling on whether disparate impact cases are in fact recognizable under the Fair Housing Act. And it is in response to that request that the Supreme Court has ruled.

Although the Supreme Court ruled that TDHCA’s policies can be challenged under the Fair Housing Act, they also weighed the concerns of a developer’s ability to make decisions about where to build based upon market and other real estate reasons. They encouraged that one time decisions should not be construed as overall policy. The case showed that the Supreme Court also understood that there had to also be consideration given to rebuilding and revitalizing low income and inner city neighborhoods which is also one of the intents of the tax credit program. The ruling stated that “if the specter of disparate-impact litigation causes private developers to no longer construct or renovate housing units for low-income individuals, then the Fair Housing Act would have undermined its own purpose as well as the free-market system.”

This case was the third disparate impact that the Supreme Court agreed to hear in the last four years. However, the other two were settled prior to oral argument. The housing world will continue to await any further decisions that may be rendered by the Fifth Circuit as the case was also remanded for further proceedings.

Walker v. HUD represents a landmark case, settled by consent decree, and establishing precedent as to HUD, PHA and City responsibilities and culpability for insuring the elimination of segregation in public and assisted housing. The Walker public housing/Section 8 desegregation litigation began in 1985 when one plaintiff,

Debra Walker, sued one Dallas, Texas area suburb, Mesquite. The lawsuit contended that Mesquite's refusal to give its consent for DHA to administer Section 8 certificates within Mesquite violated the 14th Amendment and the other civil rights law prohibiting racial discrimination in housing. The early stage of Walker resulted in the entry of the 1987 consent decree involving DHA and HUD without any liability findings. The suit was subsequently amended to bring in DHA, HUD, and the City of Dallas and to provide for a class of Black public housing and Section 8 participants who contended that the Dallas Housing Authority segregated person in public housing by race leading to racial concentrations of African Americans in minority concentrated areas. The suburbs, with the exception of Garland, gave their consent to the operation of DHA's Section 8 program within their jurisdiction and were dismissed from the case. The City of Dallas was subsequently found liable for its role in the segregation of DHA's programs in the Court's 1989 decision, Walker III, 734 F. Supp. 1289 (N.D. Tex. 1989).

HUD and DHA were subsequently found liable for knowingly and willingly perpetuating and maintaining racial segregation in DHA's low income housing programs. HUD was found liable not just for its failure to affirmatively further fair housing under the Fair Housing Act but also for purposeful violations of the Fifth Amendment to the U.S. Constitution, Title VI of the 1964 Civil Rights Act, 42 U.S.C. §§ 1981, 1982, and 1983. The district court found that the defendants had the remedial obligation to not only cease any present discrimination but to also eliminate the lingering effects of past segregation to the extent practical.

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

- (a) approximately 9,900 new assisted units have been made available to Walker class members.
- (b) approximately \$22 million was made available for the creation of housing opportunities in predominantly white areas of the Dallas metroplex.
- (c) \$2 million was provided for the operation of a fair housing organization that focused on the problems of low income minority families.

- (d) Hope VI funding for 950 units in the West Dallas project.
- (e) \$94 million was provided by the City of Dallas for neighborhood equalization and economic development in the public housing project neighborhoods.
- (f) \$10 million was provided for mobility counseling to be used in connection with the Settlement Voucher program.

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

Some of the orders, agreements, and reports from this case that are attached are:

- A. The final judgment that was entered by the Court in 1995,
- B. The order modifying final judgment entered in 2004. This order includes a HUD manual on creating desegregated housing opportunities as exhibit 3 to the order,

C. The agreement between the plaintiffs and the State of Texas for the last \$4.4 million of the total \$13 million that the State contributed to the neighborhood equalization activities required by the Final Judgment.

At the inception of the Fair Housing Act, insurance companies took the position that they were not covered by the Act. However, 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.

In 2009 a landmark housing discrimination case was settled between the **Connecticut Fair Housing Center and the New Horizons Village Apartments**. In this case, the State of Connecticut Office of Protection and Advocacy for Person with Disabilities sued New Horizons Village, an apartment complex which provides independent housing for people with severe physical disabilities. Under the consent decree, New Horizons will no longer be allowed to require tenants to open their private medical records for review and require them to prove they can “live independently.” The Connecticut Fair Housing

Center stated “The Fair Housing Act is clear that it is impermissible to limit the housing choices of people with disabilities based on stereotypes about their ability to care for themselves; people with disabilities are entitled to the same freedom to choose how and where they want to live as people without disabilities.”

In **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 a historic federal settlement order to resolve a lawsuit brought by the **Anti-Discrimination Center (ADC) against Westchester County, NY**, the U.S. Supreme Court defined “affirmatively furthering fair housing choice” as a required intent of the Federal Fair Housing Act. Westchester County conducted its own Analysis of Impediment to Fair Housing and did not examine race and its effects on housing choice. Only income was studied from a demographic perspective. Westchester did not believe that racial segregation and discrimination were the most challenging impediments in the County. ADC filed lawsuit against Westchester stating that the entitlement is not taking appropriate steps to identify and overcome impediments of fair housing. The Court stated that grant recipients must consider impediments erected by race discrimination, and if such impediments exist, it must take appropriate action to overcome the effects of the impediments. The settlement order issued in August 2009 found that Westchester had “utterly failed” to meet its affirmatively furthering fair housing obligations throughout a six-year period. All entitlements receiving federal funds must certify that they have and will “affirmatively further fair housing.” Because of the tie to federal funds, a false certification can be seen as fraudulent intent. Westchester was ordered to submit an implementation plan of how it planned to achieve the order’s desegregation goals. One major outcome from the landmark agreement is the construction of 750 units of affordable housing in neighborhoods with small minority populations.

In 2003, a settlement was ordered by the District Court in New Jersey for the owner of the internet website, 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 to a person with a disability on the first floor of the complex due to the absence of access ramp. The apartment manager was unwilling to make a modification to add a ramp. The court recognized that the 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, Texas.** 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 city 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 city could participate as friends of the court but may not join in the litigation otherwise. This case is pending appeal.

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.

The U.S. Supreme Court ruled in June 2009 that states may investigate national banks to determine if they have discriminated against minorities seeking home loans. Furthermore states may charge accused violators if found guilty. The new legislation stemmed from a discrimination investigation of national banks by the New York attorney general. The federal Office of the Comptroller of the Currency (OCC) sought legal action through the courts to stop the attorney general's investigation because legal principals suggested that only federal regulators can require national banks to conform to regulations and practices that discourages unfair lending. The Supreme Court overturned this ruling giving state government power to enforce consumer-protection and lending policies.

2.2. Enforcement

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.

The Department of Housing and Urban Development enforces federal fair housing laws which prohibit discrimination in the buying, selling, rental or enjoyment of housing because of race, color, national origin, religion, sex, disability or familial status. The Fair

Housing and Equal Opportunity (FHEO) Division of the Fort Worth, Texas Regional Office is responsible investigations of fair housing complaints that are reported directly to their office. Tyler, Texas is part of the HUD Region IV that includes Arkansas, Oklahoma, Louisiana, New Mexico, and Texas. When the HUD Regional Office investigates complaints of discrimination, an investigator generally spends time in the jurisdiction, 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 2.5. When a complaint is filed with any of the jurisdictions, HUD is notified of the complaint. HUD will notify the violator of the complaint and permit all parties involved an opportunity to submit an answer. HUD will conduct investigations of the complaint to determine whether there is reasonable cause to believe the Federal Fair Housing Act has been violated. The complainant is then notified. A detailed discussion of the complaints filed with HUD follows in Section 2.5. A case is typically heard in an Administrative Hearing unless one party wants the case to be heard in Federal District Court.

Education and Outreach

The City of Tyler Neighborhood Services Department's designated Fair Housing Officers direct fair housing complaints to and makes referrals to HUD for enforcement. The agencies are also responsible for conducting public education, training and outreach of fair housing rights in Tyler. Education of the public regarding the rights and responsibilities afforded by fair housing law is an essential ingredient of fair housing enforcement. This includes outreach and education to the general public, landlords and tenants, housing and financial providers, as well as citizens, concerning fair housing and discrimination. It is important that potential victims and violators of housing and/or lending discrimination law be aware of fair housing issues generally, know what may constitute a violation, and what they can do in the event they believe they 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 less apparent. Instead of saying that no children are allowed, housing providers may impose unreasonable occupancy standards that have the effect of excluding families with children. 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.

2.3. Production and Availability of Affordable Units / CDBG Grant Administration

An assessment of characteristics affecting housing production, availability, and affordability in Tyler and utilization of Federal Entitlement Grant funding was conducted, including the adequacy and effectiveness of programs designed and implemented utilizing CDBG and HOME Entitlement in Tyler. The assessment evaluated the programs’ ability to reach their target markets and how effective they are in identifying and serving those who have the greatest need. Tyler’s Consolidated Plan, Annual Action Plan, Consolidated Annual Performance Evaluation Report, and other documentation were utilized and our determination is that resources have been used to address fair housing impediments identified prior to 2015.

2.4. Regulatory and Public Policy Review

Tyler has not enacted local fair housing legislation that is substantially equivalent to Federal Fair Housing Law. Therefore, our analysis of applicable fair housing laws focused on the State of Texas Fair Housing Act. In the analysis the State of Texas statutes were compared to the Federal Fair Housing Act to determine whether they offered similar rights, remedies, and enforcement to the federal law and is construed as being substantially equivalent to the Federal Act.

The zoning ordinances and development codes for Tyler were examined to reveal any current ordinances or policies that impede fair housing choice. Tyler’s land development codes and zoning regulations address affordable housing and the provision of making

allowances through the code to allow the construction of a variety of types of housing including single family and multifamily housing. Regulations allow unrelated persons to reside in a single family structure and have adequate provisions for group homes and special needs populations.

2.5. Analysis of Fair Housing Complaints

Fair housing complaints are filed with the Fair Housing and Equal Opportunity (FHEO) Division of the Fort Worth Regional Office of HUD. HUD provided a breakdown of complaints filed for Tyler from June 1, 2011 through May 31, 2015. At the time of this report, the City had not received data regarding complaints filed.

However, the complaint data received for the previous Consolidated Plan period was insignificant for the five year period and did not provide enough information to determine patterns of discriminations or patterns in the complaints filed relative to fair housing violations and complaints in the three jurisdictions.

Table: 2.5.1: Fair Housing Complaints by the Basis of Complaint June 2011 - May 2015

Protected Class	Race/Color	National Origin	Familial Status	Handicap Disability	Sex	Religion	Retaliation Harassment	Total
2010								
2011								
2012								
2013								
2014								
2015								
Total								

Source: U.S. Department of Housing and Urban Development – Fort Worth Regional Office

Table: 2.5.2: Type of Case Closure (2011 - 2015)

Type of Closure	2010	2011	2012	2013	2014	2015	Total
Cases remain open							
Case Conciliated / FHAP Judicial Consent Order							
No Probable Cause / FHAP Judicial Dismissal							
Withdrawn/No Action Taken							
Unable to Locate Complainant / Complainant failed to cooperate							
Administrative Closure							
Lack of Jurisdiction/Administrative							
Totals							

Source: U.S. Department of Housing and Urban Development – Fort Worth Regional Office

2.6. Conclusions and Implications for Fair Housing Barriers and Impediments

Fair Housing Law – The City of Tyler has not enacted local fair housing legislation that is substantially equivalent to Federal Fair Housing Law. Therefore, our analysis of applicable fair housing laws focused on the State of Texas Fair Housing Act. In the analysis the State of Texas statutes were compared to the Federal Fair Housing Act and a determination made that it offered similar rights, remedies, and enforcement to the federal law and is therefore construed as being substantially equivalent to the Federal Act.

Development Regulations - The three jurisdictions’ zoning ordinances, development codes and public policies were examined to reveal any current ordinances or policies that impede fair housing choice. Tyler’s land development codes and zoning regulations address affordable housing and the provision of making allowances through the code to allow the construction of a variety of types of housing.

Industry Practices - Real estate related publications advertising the sale or rental of housing and advertising home improvements and remodeling, directed toward persons in Tyler area were reviewed. Some publications made blanket statements at the front of the publication stating that the magazines as well as their advertisers are subject to the Federal Fair Housing Act. Some advertiser included EHO statements and/or logos. Including these logos can be a means of educating the home seeking public that the property is available to all persons. There were no violations of the Federal Fair Housing Act identified.

Entitlement Funding - An assessment of characteristics affecting housing production, availability, and affordability in Tyler and the utilization of Federal Entitlement Grant funding was conducted. Entitlement funding was used appropriately and in accordance with HUD regulations to address impediments identified in previous Analysis of Impediments and affordable housing and community development needs of low and moderate income populations.

Fair Housing Complaint Data - Fair housing complaint information has been requested from the U.S. Department of Housing and Urban Development providing a breakdown of complaints filed for Tyler from June 1, 2011 through May 31, 2015. The complaints are filed with HUD and investigated by the Fair Housing and Equal Opportunity (FHEO) Division of the Fort Worth Regional Office. At the time of this report, the City had not received data regarding complaints filed.

However, the complaint data received for the previous Consolidated Plan period was insignificant for the five year period and did not provide enough information to determine patterns of discriminations or patterns in the complaints filed relative to fair housing violations and complaints in the three jurisdictions.

Section 3: Community Engagement

3.1. Lead Agency

The City of Tyler, Texas followed its designated Community Participation Plan outlined in the 2015 – 2019 Consolidated Plan in soliciting public input for developing the 2015 Analysis of Impediments to Fair Housing Choice. The City of Tyler Neighborhood Services Department, located at 900 West Gentry Parkway, Tyler, Texas 75702, served as lead agency for the development of the Analysis of Impediments.

3.2. Overview

The Neighborhood Services Department hosted Community Forums designed to solicit public input on priority needs for the Consolidated Plan and barriers and impediments to fair housing with the community, city departments, public service agencies, nonprofits, advocacy groups, and industry representatives March 4th, 6th, and 7th, 2015. The City Council held a public hearing on July 22, 2015 to receive public comment on the Consolidated Plan and Annual Plan and for approval of the plans.

Participants invited to and participating in the forum sessions and public hearing included City of Tyler staff, elected and appointed government officials; administrators from local education institutions and school districts; non-profit organizations, home builders, housing and social service agencies representatives; real estate and financial industry representatives; and the general public.

The community forum sessions allowed participants to discuss priority needs for the Consolidated Plan and Annual Plan, general issues related to the housing market, neighborhoods conditions, community development needs and concerns pertaining to barriers to affordable housing and fair housing choice in the City of Tyler.

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 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 2005 through 2013.

The data reported here are summarized by a variety of methods. Tables 4.1, Tables 4.2 provide information for Tyler and Smith County. Table 4.3 and charts present the data by census tract income groups for Smith County. Table 4.4 provides aggregate information for Smith County. The maps, provided at the end of this section, present data according to census tracts for Smith County showing an overlay of the city boundary.

4.1. Analysis

Table 4.1 examines home loan activities in Tyler and Smith County. The data are presented by loan type, ethnicity, income, and loan purpose. In Smith County, White applicants represented the largest number of loan applicants at 57,534. Origination rates, the percentage of applications that result in loans being made, for Whites were about 61 percent. African-Americans were the next largest applicant group with 6,513 applications submitted and an origination rate of about 44 percent. Hispanics submitted 5,707 applications and had an origination rate of about 47 percent. Asian origination rates were about 58 percent, but there were only 902 applications reported. High-income applicants showed both the highest number of applications at 57,920, and the highest origination rate, about 54 percent. Both the number of applications and the origination rates drop

significantly for all other income groups, with 11,104 applications from middle-income applicants and an origination rate of about 38 percent. Conventional loans account for the largest number of applications for loan type at 90,094, and an origination rate of over 40 percent. Refinance loans show the highest number of applications for loan purpose, at 61,362, and the origination rate of about 38 percent. Home improvement loans had an origination rate of about 43 percent with 13,020 loan applications. Home purchase loans had over 47 percent origination rate with 33,954 applications.

Isolating the census tracts within Tyler, for Loan Type, “Conventional” shows the highest number of loan applications at 39,845, and an origination rate of over 42 percent. The origination rate for FHA loans was over 52 percent. An evaluation of loan purpose reveals that home purchase loan applications were at 16,231 with an origination rate of about 48 percent. Home Improvement loans had 6,591 applications with an origination rate of about 44 percent. For refinance loans, the origination rate was over 44 percent with 30,433 applications. In Tyler, White applicants had the highest origination rate of over 64 percent and the highest number of loan applications, at 28,115. The origination rate for African-Americans was about 50 percent with 3,005 applications. Hispanics had 2,570 applications and an origination rate of over 55 percent. The origination rate for Asians was about 61 percent with 405 applications. The origination rate for the very low-income group was about 26 percent compared to about 56 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 76.6 percent of originations in Smith County were for conventional loans compared to 40.1 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 77 percent of all originations in Smith County. FHA loans, which are government insured and have more stringent lending criteria, were over 14 percent of all originations. Referring back to Table 4.1, the origination rates were about 54 percent for FHA versus approximately 40 percent for conventional.

For Ethnicity, “White” shows the highest percentage of origination about 78 percent of the total originations in Smith County. The percentage of Whites in the population was over 78 percent. African-American applicants accounted for six percent of all originations, with about 18 percent of the total population in the county. Hispanic applicants represented about six percent of originations with over 18 percent of the total population in the county.

The highest income group (>120% median) displays the highest percentage of originations, at 68 percent of all originations. In contrast, the very low-income group accounts for over three percent of all originations.

The loan purpose data for Smith County shows that Refinance loans were the most frequent purpose at over 51 percent. Home purchase loans accounted for about 36 percent of the originations. Home improvement loans accounted for about 13 percent of all originations.

In Tyler, about 70 percent of all originations were from conventional loans. FHA loans were over 20 percent of all originations. In the city, Whites had the highest percentage of origination, about 75 percent of the total. The percentage of Whites in the population was over 69 percent. African-American applicants accounted for over six percent of all originations, with about 24 percent of the total population. Hispanic applicants accounted for about six percent of

originations, while their presence in the population was about 23 percent of all residents. Asian applicants represented one percent of originations with about one percent of the total population. Native American applicants represented 0.1 percent of originations with 1.9 percent of the total population. The highest income group (>120% median) displays the highest percentage of originations, about 70 percent of all originations in the city. In contrast, the very low-income group accounts for about two percent of all originations. The loan purpose data show that Refinance loans were the most frequent purpose, at 56 percent of all originations in the city. Home purchase loans accounted for over 32 percent of the originations. Home improvement loans accounted for about 12 percent of all originations in the city.

Table 4.3, examines the HMDA data more closely with respect to the possibility of redlining within Smith County census tracts. Redlining relates to the avoidance of certain locations by mortgage lenders in response to undesirable characteristics of the area.

Origination rates for Tyler indicate that Very Low-Income applicants (<51% median income) were successful in obtaining mortgage loans 26 times per 100 loan application submissions, Low-Income applicants (51-80% median income) were successful 33 times per 100 submissions, Moderate-Income (81-95% median income) had an origination success ratio of 36 percent, Middle-Income applicants (96-120% median income) had an origination success ratio of 41 percent, and High-Income applicants (>120% median income) had a 56 percent success ratio. When isolating the Very Low-Income census tracts, the origination rates are lower than the overall city origination rates, except for lower income tracts. In Very Low-Income tracts, Very Low-Income applicants generated originations 36.0 percent of the time, a four percentage point increase from their overall success in the city. Moderate-Income applicants in low-income tracts had a 21.9 percent origination rate, 19.2 percentage points lower than in the city

overall. High-Income applicants in low-income tracts had a 30.1 percent origination rate, 25.7 percentage points lower than in the city overall.

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 29.1 percent of the time, almost as high as High Income applicants in the Very Low Income tracts. High Income applicants were successful 60.9 percent of the time in High Income tracts, almost 31 percentage points higher than in Very Low Income tracts. Origination rates for Middle Income applicants in High Income tracts were 25.3 percentage points higher than in the Very Low Income tracts. While this analysis does not provide conclusive proof that redlining exists, it is reasonable to expect that higher-income applicants would have relatively equal origination rates across all census tracts. The relatively small number of applications in the lower income tracts, however, makes any conclusions about redlining impossible.

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 almost 60 percent for Whites and just under 48 percent for minorities, a difference of 12 percentage points. White applicants for home improvement loans are successful almost 19 percentage points more often than minorities. The rates for refinance loans show a nine 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 more than 10.5 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. As would be expected, government insured loans have higher origination rates in all income groups. Conventional origination rates close the gap to a large extent as incomes rise.

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. Hispanics had higher origination rates than African-Americans in all income groups of tracts.

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, some characteristics of redlining may be present in lower income tracts in the community. With relatively small number of applications in the lower income tracts, 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 home purchase loans have a higher success rate as the tract income increases, as do home improvement and refinance loans, peaking at over 50 percent for the High Income tracts. Refinance loans generally have the lowest origination rates, overall, and are less than 30 percent in Very Low-Income tracts. In the Very Low and Low Income tracts, home improvement loans show the highest origination rates. Refinance loans have the highest origination rates in the Moderate Income tracts. Home purchase loans have the highest approval rates in the Middle and High Income tracts.

Map 4.1 and maps 4.3 through 4.6 look at 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 at least 75 applications are denied for every 100 applications that are originated. The medium red areas indicate those areas where between 50 and 75 applications are 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 4.2 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.

An analysis of the reason for loan denials in the city showed that the majority related to the applicants' credit history or their debt-to-income ratio. Over 11,430 (62.2%) denials were related to the applicants' credit history in the nine years of the study. Nearly 6,740 (31.4%) denials were related to the applicants' debt-to-income ratio and over 3,255 (16.1%) denials were due to inadequate collateral in those same years. Other possible reasons for not originating a loan included incomplete applications, employment history, mortgage insurance denied, unverifiable information, and insufficient cash for down payment and/or closing costs.

4.2. Conclusions

In Tyler, the least success in lending was found in the home improvement loan sector and the highest success was found in home purchase loan sector. Refinance loans were the most frequent loan type in the city and the county.

Overall, the origination rates among Whites were higher than minorities in home purchase, home improvement, and refinance loans. Although Hispanics accounted for the second highest number of applications after Whites, the percentage of loan originations were significantly lower compared to their percentage in population in the city. The analysis reveals two issues, the lack of applications from minorities and the disproportionate loan denials rates between Whites and some minority populations. One possible explanation 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 2005 and 2013, the majority of loan denials for all applicants were related to the applicants' credit history.

While the analysis does not provide conclusive evidence of the existence of redlining's as fair housing impediments, the data reveals that the characteristics of redlining may be adversely impacting lending decisions in some of the very low-income census tracts in the city. The characteristic of redlining as revealed can be summarized as follows: while it is expected that very low-income applicants have lower success rates in their loan applications than higher income applicants, within very low-income census tracts even high-income applicants showed a poor success rate. It would appear that loan denial are largely due to the value of the collateral, neighborhood conditions, appraisal values, comparable, and collateral conditions adversely impacting the loan decision more than the credit worthiness of the borrower. In order to fully evaluate this issue, a more in depth analysis of loan application data will need to be performed and additional input received from the mortgage and appraisal industries. Mortgage industry representatives interviewed indicated that since the sub-prime mortgage crisis, underwriting and income verification requirements have tighten making it more difficult for higher income borrowers to qualify.

The higher denial rates for lower income groups, coupled with the possibility that characteristics of redlining may be adversely impacting originations in lower income concentrated census tracts, are indicative of impediments to fair housing. Overall, lending activity has decreased in the recent years due to economic slowdown and issues relative to the mortgage industry nationwide. However, the outlook for lending in this community remains positive since lower interest rates still exist for borrowers to buy housing or refinance existing higher interest loans.

Table 4.1

**Home Mortgage Disclosure Act (HMDA) Analysis
Comparison of Number of Loan Applications and Origination Rates
City of Tyler and Smith County
2005 - 2013**

	Tyler		Smith County	
	Number of App.s	Origin. Rate	Number of App.s	Origin. Rate
Loan Type:				
Conventional	39,845	42.5%	90,094	40.1%
FHA	9,364	52.5%	11,840	54.4%
VA & Other	4,070	55.9%	6,750	59.9%
Ethnicity:				
Native	43	47.6%	83	44.0%
Asian	405	60.6%	902	58.2%
Black	3,005	50.1%	6,513	44.3%
Hispanic	2,570	55.1%	5,707	47.2%
White	28,115	64.1%	57,534	61.3%
Other	2,075	38.8%	5,208	36.1%
Not Provided	6,278	14.1%	12,730	12.3%
Unknown	10,788	11.0%	18,007	4.9%
Income:				
<51% median (very low)	1,469	26.5%	5,082	28.1%
51-80% median (low)	3,834	32.9%	12,960	30.0%
81-95% median (moderate)	4,016	36.1%	10,074	32.2%
96-120% median (middle)	6,283	41.1%	11,104	38.0%
>120% median (high)	30,328	55.8%	57,290	53.6%
Unknown	7,349	21.1%	12,172	12.6%
Loan Purpose:				
Home Purchase	16,231	47.7%	33,954	46.9%
Home Improvement	6,591	43.6%	13,020	43.1%
Refinance	30,433	44.2%	61,362	37.7%
Multifamily Dwelling	53	74.2%	348	69.9%
Totals	53,279	45.3%	108,684	41.3%

Table 4.2

**Home Mortgage Disclosure Act (HMDA) Analysis
Comparison of Originations Within Categories
City of Tyler and Smith County
2005- 2013**

	# of Originations	Tyler % of Originations	%Pop.	# of Originations	Smith County % of Originations	%Pop.
Loan Type:						
Conventional	16,944	70.2%		34,402	76.6%	
FHA	4,916	20.4%		6,441	14.3%	
VA & Other	2,275	9.4%		4,043	9.0%	
Ethnicity:						
Native	21	0.1%	1.9%	37	0.1%	0.8%
Asian	245	1.0%	0.6%	525	1.2%	1.5%
Black	1,506	6.2%	23.9%	2,885	6.4%	17.9%
Hispanic	1,416	5.9%	22.7%	2,694	6.0%	18.3%
White	18,021	74.7%	69.4%	34,988	77.9%	78.2%
Other	855	3.5%	4.3%	1,345	3.0%	1.5%
Not Provided	885	3.7%		1,219	2.7%	
Unknown	1,187	4.9%		1,196	2.7%	
Income:						
<51% median	389	1.6%		1,423	3.2%	
51-80% median	1,261	5.2%		3,888	8.7%	
81-95% median	1,450	6.0%		3,214	7.2%	
96-120% median	2,582	10.7%		4,220	9.4%	
>120% median	16,923	70.1%		30,507	68.0%	
Unknown	1,531	6.3%		1,634	3.6%	
Loan Purpose:						
Home Purchase	7,742	32.1%		15,924	35.5%	
Home Improvement	2,874	11.9%		5,624	12.5%	
Refinance	13,481	55.9%		23,093	51.4%	
Multifamily	39	0.2%		243	0.5%	
Totals	24,136	100.0%		44,886	100.0%	

Table 4.3

Analysis of Home Mortgage Disclosure Act Data, 2005-2009*
Analysis of Redlining in Low-Income Census Tracts

	Smith County	
	Number of Applications	Origination Rate
Very Low-Income Tracts		
<51% median	611	36.0%
51-80% median	691	37.5%
81-95% median	315	25.0%
96-120% median	362	21.9%
>120% median	1,351	30.1%
Unknown	213	20.0%
High-Income Tracts		
<51% median	1,577	29.1%
51-80% median	3,257	31.6%
81-95% median	5,541	39.2%
96-120% median	5,020	47.3%
>120% median	23,397	60.9%
Unknown	4,728	22.5%
Difference Between High and Low Tracts (percentage point difference)		
<51% median		-6.8
51-80% median		-5.8
81-95% median		14.2
96-120% median		25.3
>120% median		30.7
Unknown		2.5
Origination Rates for Tyler		
<51% median		26.5%
51-80% median		32.9%
81-95% median		36.1%
96-120% median		41.1%
>120% median		55.8%
Unknown		21.1%

*Data not available beyond 2009.

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

HMDA Activity for Smith County, 2005 - 2013

	# Apps.	% of Apps.	% Denied	% Orig.
Home Purchase Loans				
Minorities	12,443	36.6%	29.2%	47.5%
White	14,521	42.8%	17.8%	60.0%
Not Provided	6,990	20.6%	11.4%	20.4%
Home Improvement Loans				
Minorities	5,847	44.9%	44.5%	40.9%
White	4,278	32.9%	23.8%	59.6%
Not Provided	2,894	22.2%	45.8%	24.1%
Refinance Loans				
Minorities	18,303	29.8%	20.5%	48.4%
White	19,764	32.2%	14.9%	57.2%
Not Provided	23,294	38.0%	26.1%	22.8%
Income Groups				
<51% MFI				
Minorities	2,311	45.5%	50.1%	29.4%
White	1,341	26.4%	46.4%	31.6%
Not Provided	1,430	28.1%	51.8%	15.8%
51 to 80% MFI				
Minorities	5,895	45.5%	42.2%	36.3%
White	3,632	28.0%	42.0%	36.2%
Not Provided	3,433	26.5%	48.3%	20.9%
81 to 95% MFI				
Minorities	5,058	50.2%	42.0%	38.0%
White	2,857	28.4%	33.1%	43.4%
Not Provided	2,159	21.4%	45.7%	19.9%
96 to 120% MFI				
Minorities	5,745	51.7%	35.7%	43.0%
White	3,634	32.7%	29.3%	48.3%
Not Provided	1,724	15.5%	40.7%	22.3%
>120% MFI				
Minorities	18,773	32.8%	21.8%	53.7%
White	28,842	50.3%	13.6%	64.0%
Not Provided	9,675	16.9%	27.6%	37.5%

Chart 4.1:

Chart 4.3:

Chart 3.3
Origination Rates by Applicant Income by Income of Census Tract

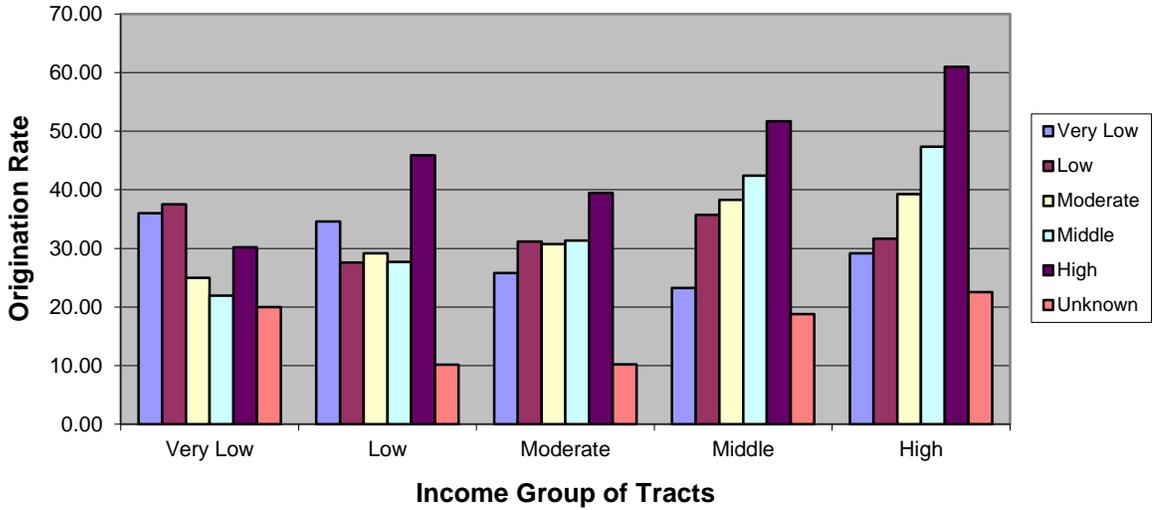
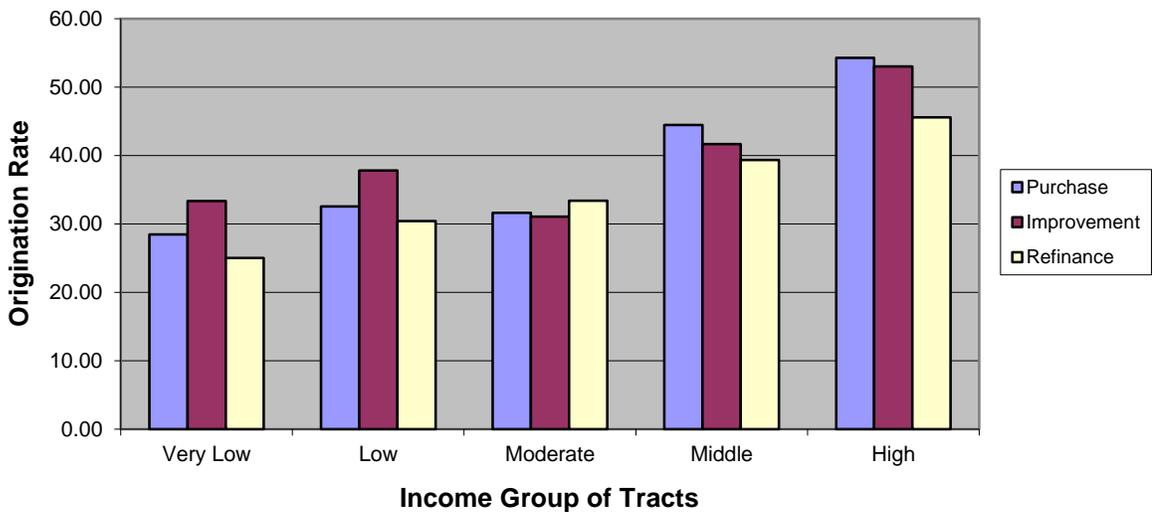
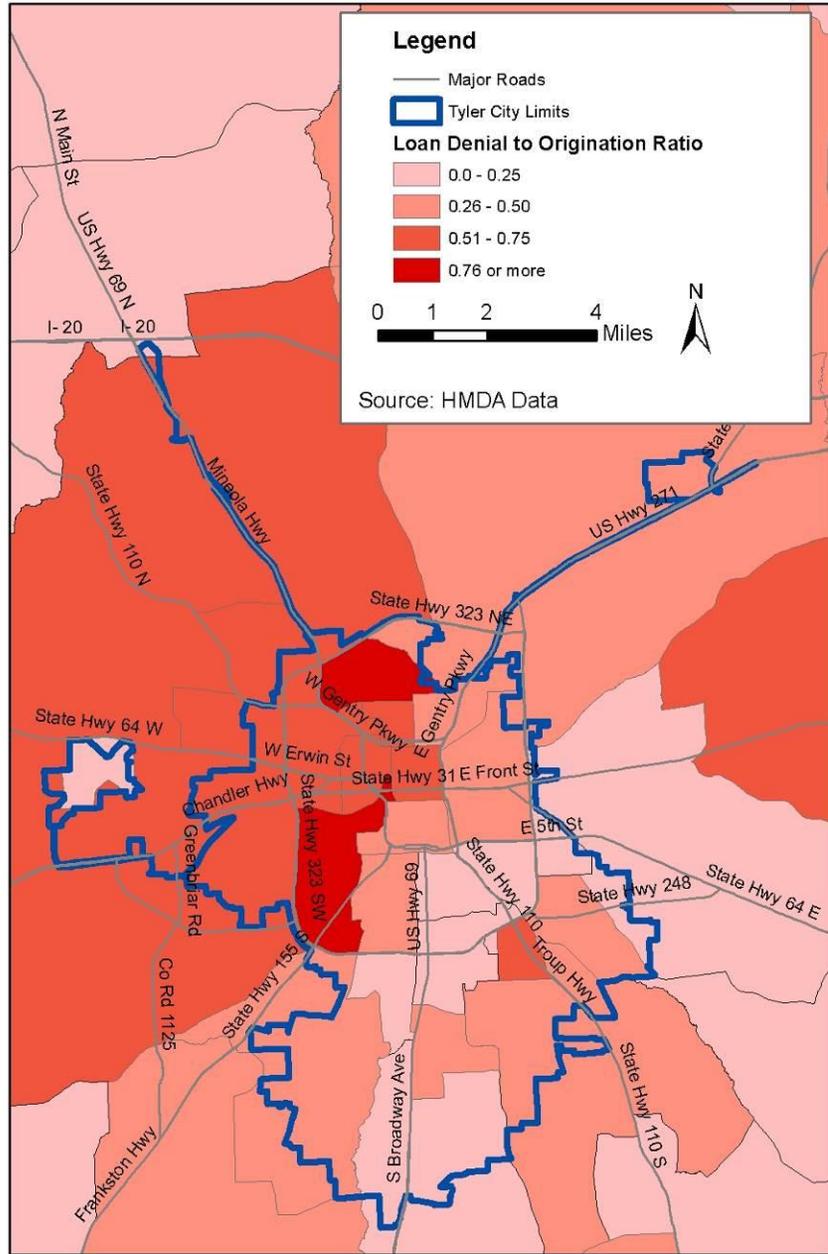


Chart 4.4:

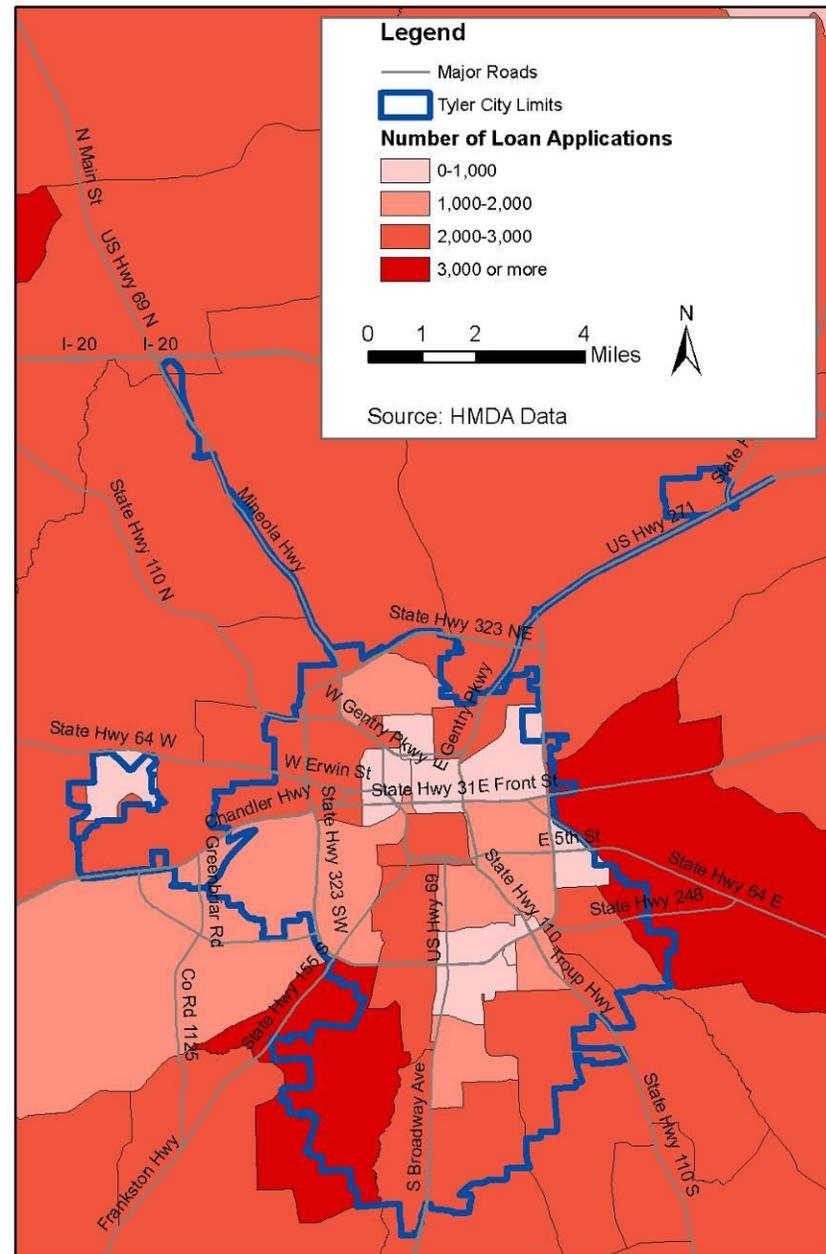
Chart 3.4
Origination Rates by Loan Purpose by Income of Census Tract



Map 4.1: Ratio of All Loan Denials to Originations, 2005-2013

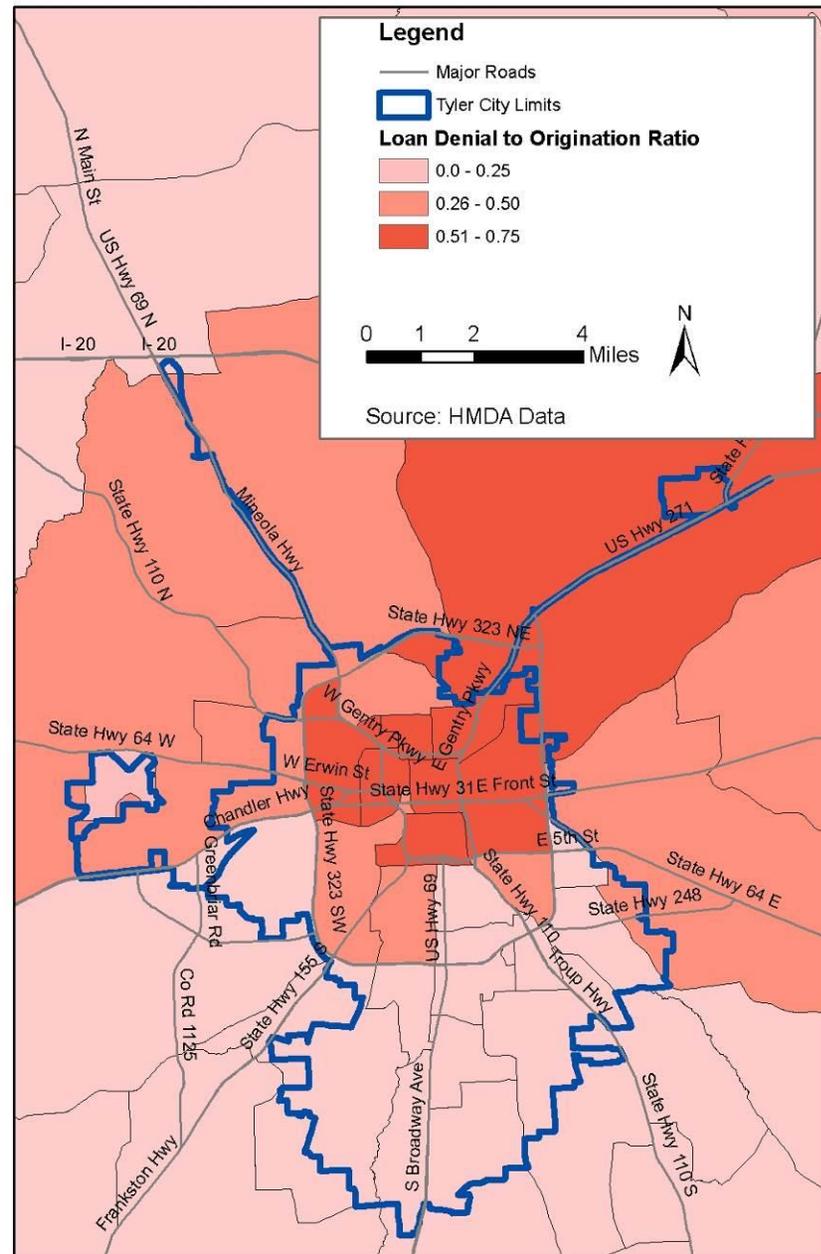
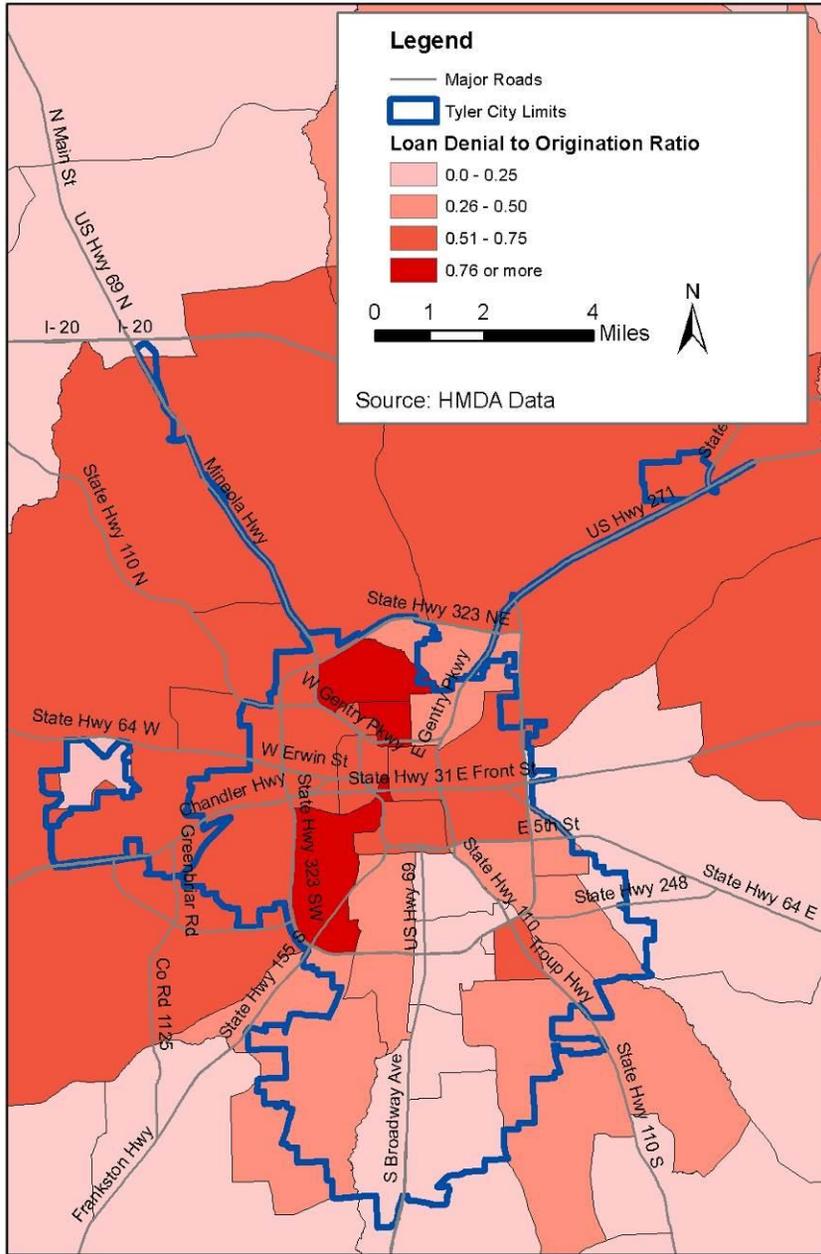


Map 4.2: Total Number of Loan Applications, 2005-2013

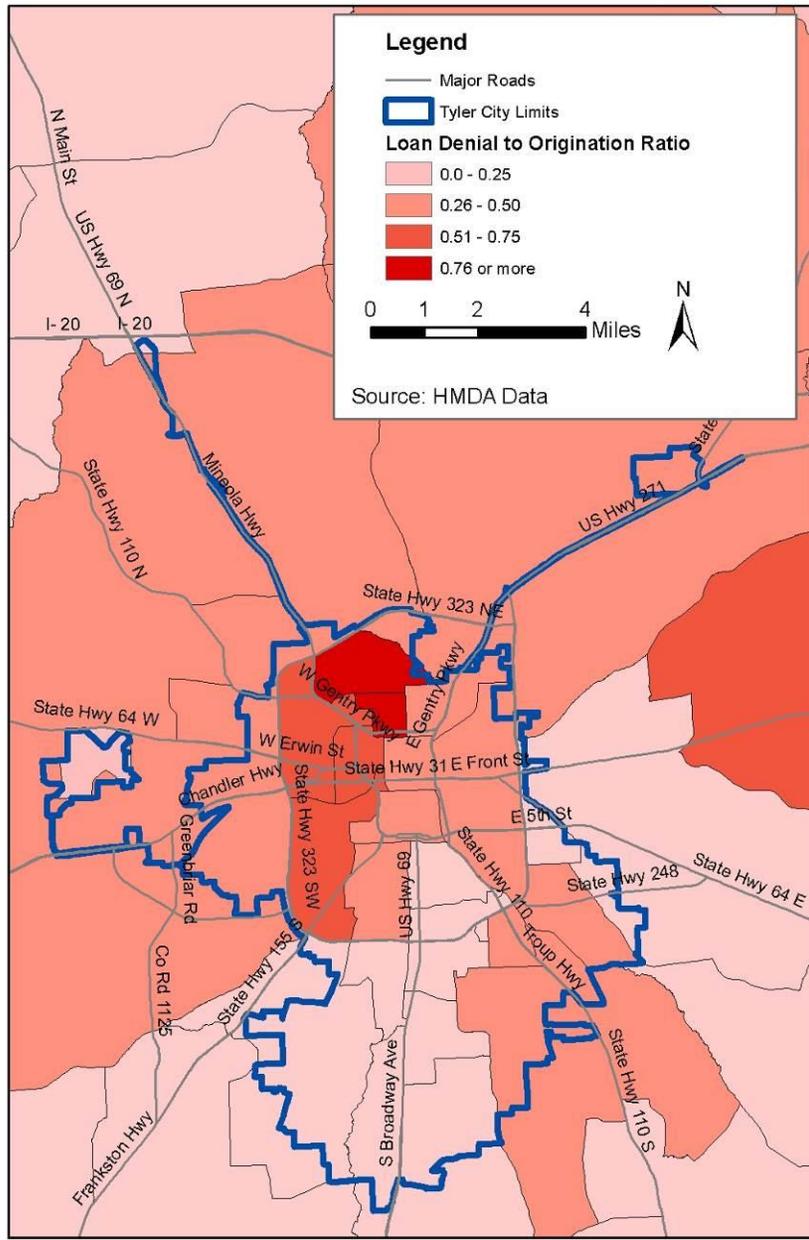


Map 4.3: Ratio of Conventional Loan Denials to Originations, 2005-2013

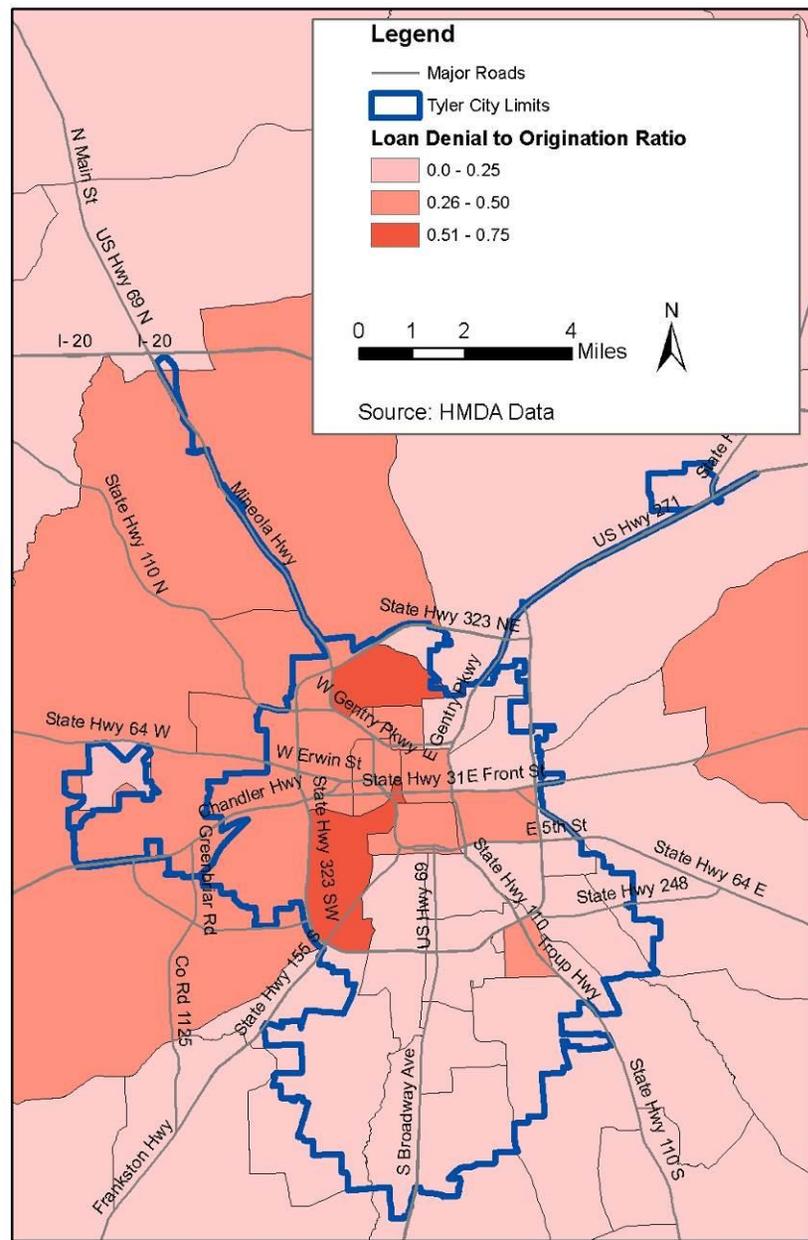
Map 4.4: Ratio of Government Backed Loan Denials to Originations, 2005-2013



Map 4.5: Ratio of Home Purchase Loan Denials to Originations, 2005-2013



Map 4.6: Ratio of Home Improvement Loan Denials to Originations, 2005-2013



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 select 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 or contribute to the existence of impediments to fair housing choice. The map provides a general indication of geographic regions within Tyler where residents may experience some level of housing discrimination, impediments to fair housing or have problems finding affordable, appropriate housing. The analysis is highly technical and utilizes advance statistical research. Therefore, in addition to the methodology in Section 5.1 below that describes the statistical techniques, Section 5.2 presents the key findings in less technical terms.

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 2005 through 2013 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 2009 - 2013 American Community Survey (5-Year estimates) of Population and Housing. Each variable contained data for every census tract in the city as defined by the ACS estimates.

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. Variables that displayed moderate to high degrees of correlation with other variables in the model, moderate correlations having a value of .5000 to .6999 and high correlations a value of .7000 to 1.000 were considered strong indicator of fair housing risk.

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 increased the likelihood 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 less likely to experience impediments to fair housing choice. High housing value, therefore, would be assigned a positive value. Each variable was analyzed and assigned an

appropriate sign, thus combining effects. This new variable, the total for each census tract, was then standardized 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 and impediments to fair housing choice. 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 High Risk areas as those census tracts with standard scores below -2.00 . Scores between -1.99 and -1 are designated Moderate Risk areas. Scores between -0.99 and 0 are reported as Low Risk and above 0 as Very Low Risk. The results are summarized in the following section.

It should be emphasized that the data used to perform this analysis do not directly report / substantiate fair housing violations or impediments to fair housing choice. 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. Details of the analysis are provided in the correlation table (Table 5.1).

MedValue is the median home value according to the 2009 - 2013 ACS estimates. 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 2005 to 2013.

5.2. Summary

The Fair Housing Index is an analytical technique used to identify census tracts where the sum impact of certain demographic variables and their disparate impacts on protected class members and persons based on their race or ethnicity is adversely affecting a residents' fair housing choices and likely contributing to problems of housing discrimination, fair housing impediments, and issues relative to housing quality and affordability.

Looking first at the correlation table (Table 5.1), the median household income has a high negative correlation with percentage of pre-1960 housing stock (-0.7957) and has a high positive correlation with median housing value (0.7103). These correlations indicate that lower income households are more likely to live in older housing stock, and higher income households are likely live in higher valued housing. The percentage of minorities has moderate negative correlation with median household income (-0.6746) and median housing value (-0.6766). These correlations indicate that minorities are more likely to have lower incomes and tend to live in lower valued housing in the city.

The percentage not graduating from high school has a moderate negative correlation to median household income (-0.6572). The percentage of non-high school has moderate negative correlation with median housing value (-0.6652) and moderate positive correlation with pre-1960 housing (0.6024). These correlations indicate that persons with less than high school education are more likely to have lower incomes and tend to live in lower valued housing and older housing stock in the city.

The correlation between percentage minority and percentage female-headed households with children is high and positive (0.6984); this correlation indicates

that the minority community has a higher rate of female-headed households with children than the non-minority community.

The ratio of home loan denials to originations had high to moderate positive correlations with the percentage of less than high school education (0.7345), percentage of minority (0.6794), and unemployment rate (0.6219). These correlations indicate that minorities, unemployed persons, and persons with no high school degree have lower likelihood of receiving loan originations.

The percentage of population using public transportation has a moderate negative correlation with income (-0.6744) which indicated that lower income groups are more likely to use public transportation.

As indicated on Map 5.1, the census tracts designated as having high risk of fair housing related problems are concentrated in the central and western census tracts of Tyler. The census tracts having moderate risk of fair housing problems are located in northwest and northern areas of the city. These areas of concern contain the moderately older housing stock, some 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 median income.

The Fair Housing Index is an analytical technique used to identify census tracts where the sum impact of certain demographic variables and their disparate impacts on protected class members and persons based on their race or ethnicity is adversely affecting a residents' fair housing choices and likely contributing to problems of housing discrimination and issues relative to housing quality and affordability. Comparative analysis of the demographic factors and any disparities for persons of a particular race, ethnicity, or members of the protected classes is also utilized in developing the Community Profile.

Map 5.1: Fair Housing Index

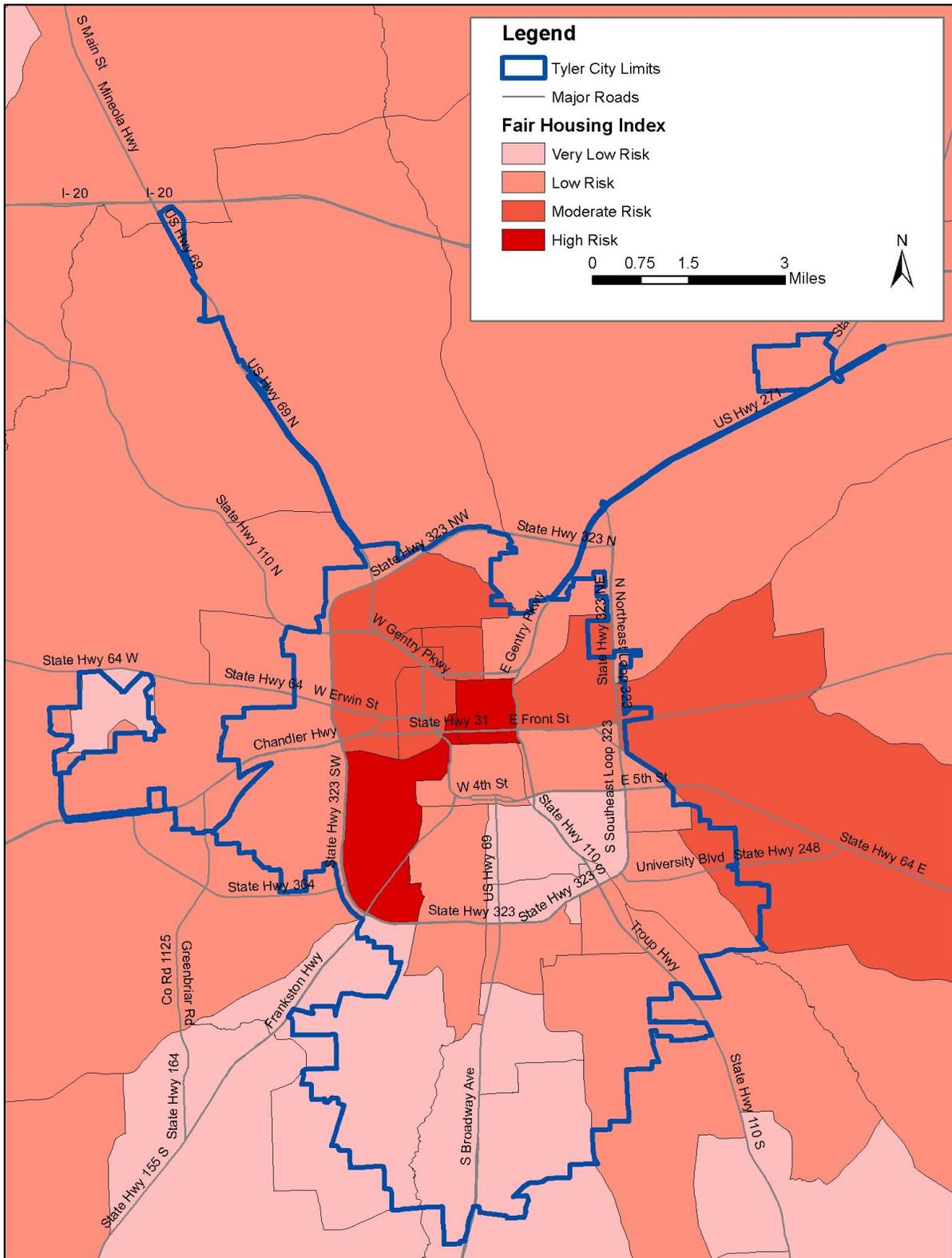


Table 5.1

Correlation Table of Index Variables

	AllRat	XPubTrans	XLessHS	XUnemp	MedHHI	XPre60	MedRent	MedValue	XMinority	XFemHH
AllRat	1.0000									
XPubTrans	0.2921	1.0000								
XLessHS	0.7345	0.5195	1.0000							
XUnemp	0.6219	0.3322	0.4736	1.0000						
MedHHI	-0.3003	-0.6744	-0.6572	-0.7571	1.0000					
XPre60	0.4344	0.4121	0.6024	0.2985	-0.7957	1.0000				
MedRent	-0.2675	-0.3006	-0.3777	-0.2143	0.6756	-0.5786	1.0000			
MedValue	-0.2132	-0.5767	-0.6652	-0.5448	0.7103	-0.5857	0.4768	1.0000		
XMinority	0.6794	0.5452	0.3498	0.3857	-0.6746	0.3857	-0.3276	-0.6766	1.0000	
XFemHH	0.3009	0.2984	0.3756	0.1985	-0.3488	0.2685	-0.4006	-0.5773	0.6984	1.0000

Variable

Definition

XFemHH

% Female-Headed Households, 2009 - 2013

XMinority

% Minority, 2009 - 2013

MedValue

Median Home Value, 2009 - 2013

MedRent

Median Contract Rent, 2009 - 2013

XPre60

% of Housing Built Prior to 1960, 2009 - 2013

MedHHI

Median Household Income, 2009 - 2013

XLessHS

% Less than High School Degree, 2009 - 2013

XUnemp

% Unemployed, 2009 - 2013

XPubTrans

% Taking Public Transportation to Work, 2009 - 2013

AllRat

Ratio of Denials to Originations, All Loan Types, 2005-2013

Section 6: Impediments and Recommended Remedial Actions

Introduction

The Impediments and Remedial Actions are integral components and contribute to the critical underpinnings of City of Tyler's certification of Affirmatively Furthering Fair Housing Choice. Through the planning process and analyses, City of Tyler strives to create a more inclusive conversation on fair housing, with a particular emphasis on engaging those who have traditionally been marginalized from the community planning process or may have little knowledge of their rights and protections under the Federal and State Fair Housing Acts. The resulting plan should provide new insight into the disparate burdens and benefits experienced by the diverse populations across the city. Recommendations are intended to address these disparities.

The analysis of impediments is designed to identify and reduce fair housing impediments and disparate impacts on protected class member under the Federal Fair Housing Act by increasing the effectiveness of existing regulations, policies and programs. More comprehensively, it offers considerable value in assessing fair housing issues and identifying solutions that can help mitigate impediments to fair housing from a regional perspective, as many of the fair housing issues that are most intractable are not locally restricted and solutions are most certainly in need of a diverse group of regional participants in order to successfully resolve or lessen their impact.

This section includes an examination of best practice policies, ordinances, and regulations that affirmatively further fair housing to inform alternative approaches to addressing impediments and remedial actions. This includes compiling examples of community development strategies that reduces fair housing impediments by improving infrastructure, housing, and neighborhood amenities, while maintaining a mix of housing types, affordability, and access to quality goods and services. This section seeks to identify gaps between current conditions with recommended improvements such as housing subsidies, livable wages, job creation, education, job training, and infrastructure improvements needed to support new affordable housing, the renovation of existing affordable housing, as well as mobility and public transportation.

The Community Profile, Fair Housing Index and Home Mortgage Disclosure Act analyses of this report were analyzed to identify any census tracts that were Racial – Ethnic and Poverty Concentrated Areas (RCAP-ECAP) as defined by the U.S. Department of HUD. RCAP-ECAP areas are defined as meeting 3 criteria: census tracts having 40% or greater or 3 times the tract level of poverty of the MSA; 50 percent or greater racial and ethnic concentrations; and areas impacted by historical concentrations of public and assisted housing. Map 1.16 in the Community Profile depicts the census tracts defined as concentrated and segregated as defined by the HUD R/ECAP Calculation.

The poverty rate in the Tyler MSA is 16.7 percent. Three times the poverty is 50.1 percent, so 50.1 percent is the poverty threshold for the RCAP-ECAP criteria for the city. The census tract within the western area of Tyler had 50 percent or greater minority population. However no census tracts in the city were identified as having more than 50.1 percent poverty and populated with more than 50 percent minority population as defined by HUD as RCAP-ECAP census tracts.

However, the analyses revealed disparate impacts on minority populations when comparing income, educational attainment, poverty, unemployment, mortgage and housing lending, homeownership and other characteristics to that of Whites. Some area characteristics and physical conditions where minority populations and lower income persons are most likely to find housing affordable, are indicative of the ways in which the economy and housing and neighborhood conditions has suffered as a result of housing market distortions and disinvestment, and demonstrating that public policy and programmatic investments have only minimally improved the situation. This section recommends policies and strategies that the City, industry, and its sub-recipients collectively, should undertake to remove and or lessen the impediments to fair housing choice, and improve collaboration between government, the community, non-profit and private sectors.

Impediments to fair housing choice and remedial actions to remove or lessen their impacts are detailed in this section of the report. This section draws on the information

collected and analyzed in previous sections to provide a detailed analysis of impediments to fair housing choice. Five major categories of impediments were analyzed and identified: Real Estate and Housing Market Related Impediments; Public Policy and Fair Housing Infrastructure Impediments; Banking, Finance, and Insurance Related Impediments; Socioeconomic Impediments; and Neighborhood Conditions, Natural Barriers, Historical Events, Trends, and Development Pattern Related Impediments. Remedial actions detailed in this report represent recommendations to the City by the consultant based on experience and best practices. Some of the remedial actions recommended are conceptual frameworks for addressing the impediments and will require further research, feasibility and cost analysis, and final program design by the City if they choose to implement them.

6.1 Real Estate and Housing Market Related Impediments

Impediment: Housing Affordability and Insufficient Income.

Determinant: The inability to qualify for mortgage financing and a lack of affordability in rental housing are impeding housing choice in the City of Tyler. In order to acquire housing, more households are “cost burdened”, paying more than 30% of income for housing or “severely cost burdened”, paying more than 50% of household income for housing by HUD standards. The cost of housing compared to the incomes of households reveals that incomes are not keeping pace with the market cost of housing. There is a lack of housing affordable to population groups making less than 60%, 50% and 30% of Area Median Income (AMI). Minimum wage is far below a 'living wage', and a person could be working full-time and still not earn enough money to afford rental housing or to purchase a home in the City.

Determinant: Lack of affordability, that is households having inadequate income to acquire housing currently available in the market, may be the most critical impediment faced by households in the City. The analysis included the correlation between median home values and household income, and the

distribution of income across income classes for Whites, African-American, Asians and Hispanics. The median housing value in the city was \$126,200 and the median contract rent was \$665 between 2009 and 2013. The average income required to qualify for a mortgage based on the median home value of \$126,200 for the City is approximately \$35,000 to \$45,000 in household income and the average income to qualify for a contract rent of \$665 is \$30,000 to \$40,000. As a reference, \$30,000 per year is approximately \$14.42 per hour for a forty-hour workweek, 52 weeks a year for a single wage earner. Minority populations are disparately impacted by a lack of income compared to Whites. According to the 2009 - 2013 ACS estimates (5-Year average), approximately 57.9 percent of African Americans, and 41.2 percent of Hispanics, and 33.9 percent of Whites earn annual household incomes of less than \$35,000. Approximately 44.8 percent of African Americans, 24.2 percent of Hispanics, and 23.9 percent of Whites earn annual household incomes of less than \$25,000, making housing affordability a concern for large segments of the City's population regardless of race and ethnicity. The median household income was also disproportionately lower for African-American households at \$28,938 compared to \$53,203 for White households, \$41,369 for Hispanic households, and \$43,289 for the overall city.

Paying more than 30 percent on housing expenses is considered "Cost Burdened" and paying more than 50 percent on housing expenses is considered "Severely Cost Burdened". According to the 2009 - 2013 ACS estimates, 51.3 percent of renter households paid more than 30 percent of their household income towards rent. About 76 percent of the renter households with household income of less than \$10,000, 89.1 percent of the renter households that earned between \$10,000 to \$19,999, 73.3 percent of the renter households that earned between \$20,000 to \$34,999, and 24.5 percent of the renter households that earned between \$35,000 to \$49,999 spent more than 30 percent of their households income towards rent during the five-year period. Approximately 22.9

percent of owner households were 30 percent cost burden and 8.8 percent of the owner households were 50 percent cost burden during the same period.

Impediment #1: Overall, the income data show a higher proportion of African-American, Hispanic and lower income households disparately impacted by the cost of housing. Minorities and lower income persons are disproportionately dependant on subsidized housing to meet their housing needs and more likely to have incomes that are insufficient to acquire housing that is affordable without being cost burdened.

Impediment #2: In areas where minorities and lower income households are most likely to find housing affordable, the demographic characteristics areas are disparately impacting their ability to acquire housing of their choice. As indicated on Map 5.1, in Section 05 of the Fair Housing Index, the census tracts designated as having high risk of fair housing related problems are concentrated in the central and western census tracts of Tyler. The census tracts having moderate risk of fair housing problems are located in northwest and northern areas of the city. These areas are shown in dark red and red on the map.

Impediment #3: Household Incomes are not keeping pace with the market prices of housing and many households are “cost burdened” paying more than 30 percent and even “severely cost burdened” by HUD definition paying 50 percent or more of their household income for housing and housing related expenses.

Impediment #4: Additional funding is needed to provide subsidies that make homeownership attainable, maintenance of existing housing more affordable and to increase availability of rental subsidies for low-income and moderate-income persons, special needs populations such as seniors, victims of domestic violence, former convicted felons, and people with disabilities.

Recommended Remedial Actions:

Action #1: City of Tyler will continue to support the increased production of affordable housing through public private partnerships with developers and capacity building for nonprofits with the Entitlement Funds.

Action #2: City of Tyler will continue to help facilitate access to below-market-rate priced units by using its' federal funds to leverage nonfederal entitlement funding such as state low income tax credit and federal home loan bank funding and private sector participation in financing affordable housing and for neighborhood reinvestment.

Action #3: City of Tyler will continue to maintain a list of private partner lenders providing affordable housing financing and subsidies or offering buyers access to down payment, closing cost or favorable underwriting that supports buyers.

Action #4: City of Tyler will continue to identify and support local developers seeking additional federal, state and private sources of funds for affordable housing as they become available.

Action #5: City of Tyler will continue to encourage private sector support for affordable housing developed as a component of market rate and mixed use development.

6.2 Public Policy and Fair Housing Infrastructure Impediments

Impediment: Public Awareness of Fair Housing and greater Outreach and Education are needed for the public, protected class members under the Fair Housing Act and industries such as landlords, finance, social service agencies and community organizations.

Determinant: City and State Fair Housing regulations were compared to the Federal Fair Housing Act and the analysis has determined that the City of Tyler has not enacted regulations that offer similar rights, remedies, and enforcement

to the Federal Fair Housing Act. State of Texas Fair Housing regulations are construed as being substantially equivalent to the Federal Fair Housing Act. It is important to note that neither the State Act nor the Federal Act offer protections for persons based on “source of income for housing” or those receiving “public assistance”. Persons living in Tyler and the Dallas Fort Worth region who are low-income, live on fixed incomes, have incomes sources limited to public assistance, or prior rental histories that included shelters and public and assisted housing, including housing choice vouchers, are not currently protected as class members under the State or Federal Fair Housing Acts.

Determinant: Continued emphasis on public awareness of fair housing is needed. General public education and awareness of fair housing issues need to be increased. Of particular concern is that tenants and homebuyers often do not completely understand their fair housing rights. To address this issue, the City should continue to provide fair housing education and outreach programs to both housing providers and the general public. In addition, fair housing outreach to the general community through mass media such as newspaper columns, multi-lingual pamphlets, flyers, and radio advertisements have proved effective in increasing awareness. Outreach to immigrant populations that have limited English proficiency and other protected classes should be targeted for such outreach. Landlords and other industry groups should also be targeted for education and outreach.

Impediment #5: Greater Public Awareness, outreach and education of Fair Housing is needed.

Impediment #6: Continued emphasis on fair housing enforcement, including training and testing is needed.

Impediment #7: Continued emphasis on targeted outreach and education to immigrant populations that have limited English proficiency, language speaking barriers, and to other protected classes with language barriers is needed.

Recommended Remedial Actions:

Action #6: City of Tyler will increase fair housing education and outreach in an effort to raise awareness and increase the effectiveness of fair housing ordinances. The City will target funding for fair housing education and outreach to the rapidly growing Hispanic and other immigrant and refugee populations as funding becomes available. The City will also continue supporting fair housing workshops or information sessions to increase awareness of fair housing rights among immigrant populations and low income persons who are more likely to be entering the home-buying or rental markets at a disadvantage.

Action #7: City of Tyler will partner with local industry to conduct ongoing outreach and education regarding fair housing for the general public and focused toward protected class members, renters, home seekers, landlords, and property managers. Outreach will include providing joint fair housing training sessions, public outreach and education events, utilization of the City website and other media outlets to provide fair housing information, and multi-lingual fair housing flyers and pamphlets available in a variety of public locations. The City will continue to provide outreach to non-English speaking people.

Action #8: Encourage Fair Housing Enforcement Agencies to target increase fair housing testing for multifamily properties. City of Tyler will encourage HUD to provide increased fair housing testing in local apartment complexes. The testing program looks for evidence of differential treatment among a sample of local apartment complexes. Following the test, HUD will be asked to share its findings with the City that will offer outreach to landlords that showed differential treatment during the test.

6.3 Banking, Finance, Insurance and other Industry related impediments

Impediment: Disparate Impacts of mortgage lending on minority populations and lower income areas; and the lingering impacts of the Subprime Mortgage Lending Crises and increased Foreclosures.

Determinant: Overall, the number of applications and origination rates among Whites were higher than that of minorities in all loan types home purchase, home improvement and refinance loans. Hispanics and African-Americans accounted for lower percentage of loan applications and originations compared to their percentage in population in the City of Tyler. Whites had the highest percentage of origination, about 75 percent of the total. The percentage of Whites in the population was over 69 percent. African-American applicants accounted for a little over six percent of all originations, with about 24 percent of the total population. Hispanic applicants accounted for about six percent of originations, while their presence in the population was about 23 percent of all residents. Asian applicants represented one percent of originations with about one percent of the total population. Native American applicants represented 0.1 percent of originations with 1.9 percent of the total population. The highest income group (>120% median) displays the highest percentage of originations, about 70 percent of all originations in the city. In contrast, the very low-income group accounts for about two percent of all originations.

Determinant: A lack of financial literacy and credit are limitations faced by many in acquiring housing of their choice. The analysis of HMDA data and the reported reasons for denial of loans showed that the majority related to the applicants' credit history or their debt-to-income ratio. An analysis of the reason for loan denials in the city showed that the majority related to the applicants' credit history or their debt-to-income ratio. Over 11,430 (62.2%) denials were related to the applicants' credit history in the nine years of the study. Nearly 6,740 (31.4%) denials were related to the applicants' debt-to-income ratio and over 3,255 (16.1%) denials were due to inadequate collateral in those same years. Other possible reasons for not originating a loan included incomplete applications, employment history, mortgage insurance denied, unverifiable information, and insufficient cash for down payment and/or closing costs.

Determinant: The higher denial rates for minorities and lower income groups, coupled with lower origination among all income groups in lower income census tracts is adversely impacting fair housing conditions. While the HMDA Analysis of this report does not provide conclusive evidence of the existence of redlining's as fair housing impediments, the data reveals that the characteristics of redlining may be adversely impacting lending decisions in some of the very low-income census tracts in the city. The characteristic of redlining as revealed can be summarized as follows: while it is expected that very low-income applicants have lower success rates in their loan applications than higher income applicants, within very low-income census tracts even high-income applicants showed a poor success rate. It would appear that loan denial are largely due to the value of the collateral, neighborhood conditions, appraisal values, comparable, and collateral conditions adversely impacting the loan decision more than the credit worthiness of the borrower. In order to fully evaluate this issue, a more in depth analysis of loan application data will need to be performed and additional input received from the mortgage and appraisal industries. Mortgage industry representatives interviewed indicated that since the sub-prime mortgage crisis, underwriting and income verification requirements have tighten making it more difficult for higher income borrowers to qualify.

Impediments #8: Minority and lower income persons are disparately impacted by higher loan denial percentages and lower number of applications submitted to lenders. Loan origination rates in lower income census tracts are lower among all income groups in lower income census tracts compare to that of Whites and when comparing minority percentage of persons in the population to their percentage of loan approvals and originations.

Recommended Remedial Actions:

Action #9: City of Tyler will continue to apply for competitive and non-Entitlement State and Federal funding and assistance from nonprofit intermediaries for financial literacy education programs. Financial literacy should be emphasized as

a means of preventing poor credit and understanding the importance of good credit.

Action #10: City of Tyler will encourage bank and traditional lenders to offer products addressing the needs of households with poor and marginal credit negatively impacting their ability to qualify for mortgages. These products can assist persons negatively impacted by their current utilizing predatory lenders. This may require traditional lenders and banks to establish “fresh start programs” for those with poor credit and previous non-compliant bank account practices.

Action #11: City of Tyler will help raise awareness among the appraisal industry concerning limited comparability for affordable housing products. Industry representatives should be encouraged to perform comparability studies to identify real estate comparables that more realistically reflect the values of homes being built in lower income areas and continue supporting infill housing development. The City does not have regulatory authority to address this concern. Therefore, this recommendation is based on best practices approaches and will require the City to work with the financial and appraisal industry to help address this issue.

6.4 Socio-Economic Impediments

Impediment: Barriers to Fair Housing Choice Impacts on Special Need Populations, minorities and low income.

Determinant: The Community Profile, Fair Housing Index and Home Mortgage Disclosure Act (HMDA) Analyses all revealed disparate impacts on minority populations when comparing income, educational attainment, poverty, unemployment, mortgage and housing lending, homeownership and other characteristics to that of Whites. In areas where minorities and lower income households are most likely to find housing affordable, the demographic characteristics areas are disparately impacting their ability to acquire housing of

their choice. As indicated on Map 5.1, in Section 05 of the Fair Housing Index, the census tracts designated as having high to moderate risk of fair housing related problems are concentrated in the central and northwestern census tracts of Tyler.

Determinant: Elderly Persons and Households. Seniors are living longer; lifestyles are changing and desire for a range of housing alternatives increasing. Issues such as aging in place, smaller units with lower maintenance cost, and rental accommodations that cater to those with live-in care givers are of major concern. For other seniors, the need is accessible units located in close proximity to services and public transportation. Many seniors live on fixed incomes, making affordability a particular concern. In addition, local senior service providers and community workshop participants report that many subsidized senior housing projects serve individuals or couples only and do not accommodate caregivers. In other cases, the caregiver's income may make the senior ineligible for the affordable unit.

Determinant: Persons with Disabilities. Building codes and ADA regulations require a percentage of units in multifamily residential complexes be wheelchair accessible and accessible for individuals with hearing or vision impairments. Affordable housing developers follow these requirements by providing accessible units in their buildings. Nonetheless, service providers report that demand exceeds the supply of accessible, subsidized units. In contrast to this concern, some affordable housing providers report that they have difficulty filling accessible units with disabled individuals. Persons with disabilities face other challenges that may make it more difficult to secure both affordable or market-rate housing, such as lower credit scores, the need for service animals (which must be accommodated as a reasonable accommodation under the Fair Housing Act), the limited number of accessible units, and the reliance on Social Security or welfare benefits as a major income source.

Determinant: Homeless Individuals. The primary barrier to housing choice for homeless individuals is insufficient income. Service providers indicate that many homeless rely on Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) for income, which are too low to qualify for most market rate and many affordable housing developments. In addition, property managers often screen out individuals with a criminal or drug history, history of evictions, or poor credit, which effectively excludes many homeless persons. There were antidotal comments by those interviewed that some persons have been denied housing based on their immediate rental history being a shelter or transitional housing facility.

Determinant: Limited English Proficiency (LEP) Individuals. Local service providers state that as financial institutions institute more stringent lending practices and outreach to minority communities has declined with the economy, LEP and undocumented individuals face greater challenges in securing a mortgage. Furthermore, many Spanish-speaking households, refugee populations and other LEP populations rely on a cash economy, and lack the record keeping and financial legitimacy that lenders require. National origin is emerging as a one of the more common bases for fair housing complaints filed with fair housing enforcement agencies.

Impediment #9: Expansion of the supply and increased affordability of housing for senior, special needs housing and housing for disabled persons is needed.

Impediment #10: Removal of barriers for persons with limited English proficiency enabling them to better access the housing market is needed.

Recommended Remedial Actions:

Action #12: City of Tyler will continue to provide language assistance to persons with limited English proficiency.

Action #13: City of Tyler will continue to encourage recruitment of industry and job creation that provide “living wages”, incomes to pay for basic necessities of food, shelter, transportation, to persons currently unable to afford market rate housing.

Action #14: City of Tyler will support developments requesting State assistance that provides alternative housing product choices for those with disabilities, veterans, seniors, and lower income persons such as Low Income Housing Tax Credits and Senior Housing Tax Credits.

6.5 Neighborhood Conditions Related Impediments

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

Determinant: The potential for neighborhood decline and increasing instability in City of Tyler’s older neighborhoods is a growing concern. Neighborhoods relatively stable today 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 maintenance and renovations. 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.

The City must increase activities and programs that provide support for residents and landlords unable 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.

Existing regulatory efforts need to be expanded and additional resources allocated to support enhanced code enforcement throughout the City.

Neighborhood assets must be protected and improved. Structures should be strategically removed through demolition and code enforcement if found to be in violation of building codes or obsolete and no longer contributing to the well-being of the community. This includes code enforcements' focus on maintaining vacant lots, clearing weed, litter, and junk. Most of all, there is a need to encourage participation and cooperation from residents to maintain their homes, and to actively participate in community empowerment activities and self-help initiatives in older neighborhoods.

Impediment# 11: Expanded resources are needed to assist lower income persons, seniors and other special needs groups with maintaining homes and improving neighborhood stability.

Recommended Remedial Action:

Action #15: City of Tyler currently supports programs that provide assistance to income qualified low and moderate income households utilizing its' Entitlement Grants Programs and support self help initiatives utilizing nonprofit and private sector resources. The City will continue its support and implementation of these programs of self-help and community and housing improvement initiatives. Other activities that will be considered as self-help initiative programs include:

- **Increase self-help "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.

Section 7: Oversight, Monitoring and Maintenance of Records

Introduction

This section summarizes the ongoing responsibilities of the City of Tyler 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 by the jurisdictions to insure that implementation efforts can be evaluated and accomplishments reported to HUD in a timely manner.

Oversight and Monitoring

The Analysis of Impediment process has been conducted under the oversight and coordination of the City of Tyler Neighborhood Services Department (NSD) with the support of an independent consultant.

The NSD Department will be designated as the lead agency for the City of Tyler with responsibility for ongoing oversight, self-evaluation, monitoring, maintenance and reporting of the City's progress in implementing the applicable remedial actions and other efforts to further fair housing choice identified in this report. The NSD, as the designated lead agency, will therefore provide oversight, as applicable, of the following activities.

■The NSD will evaluate each of the recommendations and remedial actions presented in this report, and ensure consultation with appropriate City departments and outside agencies to determine the feasibility and timing of implementation. Feasibility and timing of implementation will be based on city policies, fiscal impacts, anticipated impact on or remedy to the impediment identified, adherence to federal, state and local regulations, and accomplishment of desired outcomes. The NSD will provide recommendations for implementation to the City Manager, Mayor and City Council based on this evaluation.

■The NSD will continue to ensure that all sub-grantees receiving CDBG, and other grant 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.

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

■The NSD will continue to support Fair Housing outreach and education activities through its programming for sub-recipients and its participation in community fairs and workshops; providing fair housing information to the public; and sponsoring public service announcements with media organizations that provide such a service to local government.

■The NSD will incorporate fair housing requirements in its grant program planning, outreach and training sessions.

■The NSD will continue to refer fair housing complaints and direct persons desiring information or filing complaints to the HUD FHEO Division in the Fort Worth Texas Regional Office.

Maintenance of Records

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

■A copy of the 2015 Analysis of Impediments to Fair Housing Choice 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 Programs will be maintained and made available upon request.

■An update of the City's progress in implementing the FY 2015 AI will be submitted to HUD at the end of each program year, as part of City of Tyler's Consolidated Annual Performance and Evaluation Report (CAPERS).