

INTRODUCTION: Executive Summary

Purpose

In order to carry out the intent of Federal Fair Housing legislation, the United States Department of Housing and Urban Development (HUD), Fair Housing and Equal Opportunity (FHEO) division, requires that local Community Development Block Grant (CDBG) entitlement jurisdictions comply with regulations to affirmatively further fair housing. This mandate is carried out by the CDBG entitlement jurisdictions in part by completing an Analysis of Impediments to Fair Housing in their communities. Requirements for this document include the following:

- 1) Grantees are required to complete or update an “Analysis of Impediments to Fair Housing Choice” (AI) pursuant to HUD’s Fair Housing Planning Guidebook every three (3) to five (5) years within the Consolidated Planning Process;
- 2) Grantees are required to use their comprehensive AI study as the basis to formulate a “Fair Housing Plan” with measurable “actions to be taken to overcome the effects of any impediments” and take those appropriate actions; &
- 3) Grantees are required to maintain records, including their AI study and records to support actions taken and to be taken in regard to implementing their Fair Housing Plan.

The City of Tucson and Pima County is a consortium which receives entitlement funds and collaborates to conduct the AI process and submit the AI report to HUD. The initial AI report was submitted in 1998. That document was updated, enhanced, revised and finally submitted in completed form to HUD in April 2000.

This document, dated December 2004, updates and revises the last AI completed in 2000 and is submitted in compliance with HUD requirements that updates be completed at least every 5 years. The December 2004 AI was drafted by the Southwest Fair Housing Council (SWFHC) in collaboration with the Southwest Center for Economic Integrity (SCEI) under contract to, and with funding from, Pima County. This work was done on behalf of the consortium which includes both Pima County and the City of Tucson.

Goals

Primary Goals:

The consortium’s primary goals in developing this AI and implementing its Plan of Action are consistent with HUD objectives in requiring CDBG jurisdictions to affirmatively further fair housing and include the following:

1. Eliminate all forms of illegal housing discrimination in Pima County.
2. Actively promote fair housing choice for all persons in Pima County.

3. Provide opportunities in all areas of Pima County for inclusive patterns of housing occupancy regardless of race, color, religion, sex, familial status, disability and national origin.
4. Actively promote housing that is structurally accessible to, and usable by, all persons, particularly persons with disabilities in Pima County.
5. Foster compliance with the nondiscrimination provisions of the Fair Housing Act in all areas of Pima County.

Intermediate Goals:

The City of Tucson and Pima County has established the following intermediate goals to facilitate achieving the 5 overall goals identified above:

1. Maintain a firm and continued commitment to the analysis, planning, and implementation necessary to achieve fair housing goals.
2. Guarantee oversight by the City of Tucson Mayor and Council and the Pima County Board of Supervisors to ensure an ongoing fair housing program.
3. Create a comprehensive Analysis of Impediments to Fair Housing (AI) document, and devise a carefully structured plan for addressing impediments that are firmly grounded in the AI's conclusions.
4. Take effective actions based on a realistic assessment of available resources.
5. Identify and track measurable results in meeting local fair housing goals.
6. Increase cooperation between public and private agencies in promoting public awareness of fair housing issues.
7. Educate the public on fair housing issues.
8. Effectively enforce fair housing laws.
9. Increase community awareness and promote equal housing opportunity and fair housing choices in the community.

Methods

General Methodology:

While there are a number of methodological continuities between the 2000 AI and the 2004 AI, there are also a number of substantial differences. Most notable among these differences is the greater emphasis on data other than the survey to identify impediments, and the use of community participation in the collection of information in the creation of the 2004 AI. While a community survey is a valuable tool used in both the 2000 and 2004, it is nonetheless fairly subjective and dependent on the respondent's knowledge of what fair housing and illegal discrimination entails. For this and other reasons (see below), the 2004 AI depends less on the survey and focuses on more objective criteria to identify impediments (i.e. test results and complaints).

Greater community participation was also integrated into the 2004 process. To insure that responses accurately reflected the respondents experience regarding fair housing issues, respondents were informed and questions explained when asked. Much of the survey and other information were collected by going out into communities and talking with people in the context of regular neighborhood meetings, community events, community centers, offices and other organization sites.

A general description of the methods employed in collecting the information contained in this AI includes:

1. Conducting a community survey.
2. Attendance at neighborhood meetings by SWFHC personnel.
3. Discussions in the context of training sessions for housing providers by SWFHC staff.
4. Discussions in the context of training for public and private agency staff by SWFHC staff.
5. Discussions in the context of community meetings and presentations.
6. The collection of information at sites of resident traffic such as retail stores.
7. Review of reports, public documents and articles.
8. Interviews with key community actors including elected officials, key public and private agency staff, housing providers, housing consumers and community advocates.
9. A review of records of Fair Housing Enforcement/Education and Outreach agencies.
10. Tapping the experience and knowledge of the staff members collaborating in the development of this AI. This group is primarily the staff of the Southwest Fair Housing Council and that of Southwest Center for Economic Integrity. Between the 6 staff members that participated in this AI, there was over 45 years experience in housing and fair housing in Pima County.

Differences in Survey Methods between the 2000 and 2004 AI:

The survey that was conducted for this AI differs substantially from the survey conducted in 1998 and reported in the 2000 AI. It therefore establishes a new baseline to measure and evaluate changes in the opinion of community residents. The following is a description of the differences between the surveys, the rationale for the changes and the objectives for the current methodology.

First, the survey reported in the 2000 AI was almost entirely by phone (90%). The survey conducted for this AI was entirely in person. This change avoided the problem of excluding residents without phones or service, those using only a cell phone, those with an unlisted number or blocked line, and persons using caller I.D. to screen and avoid calls appearing to be a telemarketer or collection agency. Communications technology has changed dramatically in the last few years and attempting to replicate the methodology used in a telephone survey originally conducted in 1998 would be virtually impossible.

What was needed for the community survey was an uncomplicated and cost effective approach that would not become obsolete in the next few years. The survey that was constructed, then, allows for easy replication and a frequent measure of change in

residents attitudes, as well as evaluation of the effectiveness of the plan of action. What is lost in the present methodology is “statistical significance”; this survey more modestly seeks to identify indicators and establish benchmarks. Much is gained overall, however. Methodological benefits of the new survey are as follows:

1. The 2004 survey is tightly focused on fair housing. This avoided dealing with a broad range of issues more appropriately discussed in other areas of the Consolidated Plan.
2. The 2004 survey is informed and contextual. The previous survey showed that a large number of residents are not well informed on what housing discrimination entails and what fair housing means. These terms and concepts were defined often in the context of a discussion of general housing problems and the participants were therefore able to answer the survey questions with a better understanding of exactly what was being asked. It is reasonable to assert that the accuracy of the survey is improved with better-informed participants.
3. The 2004 survey is heuristic. Respondents learned in the process of participating in the survey; the nature and types of housing discrimination were explained to them as well as what they could do and where they could go for help. In this way, agencies were able to get the most “bang for their buck”. The survey itself was thus a learning tool whose effect can now be measured in subsequent surveys and tracked in other analyses of impediments.
4. The 2004 survey is concise, clear and succinct. To a much greater extent than the last survey the respondents did not lose interest or begin to provide perfunctory answers.
5. The 2004 survey was easy to participate in, non-intimidating, conducted in neighborhoods and well accepted (i.e. only a few people refused to participate).
6. The survey is easily replicated and affordable. It does not require a bevy of sophisticated statisticians and costly high tech software. This means that the survey can be conducted and analyzed on a regular basis in order to monitor the effectiveness of the Action Plan more frequently.
7. Finally, the results of the 2004 survey correlate more closely with other indicators than the results of the 2000 survey, which differed dramatically from other indicators of fair housing impediments. As incongruous results call into question the validity of a benchmark, the close correlation of the 2004 survey with other indicators of fair housing impediments supports the changes that were made this year in the community survey.¹

AI 2004 Findings and Plan of Action:

The 2004 Plan of Action seeks to reduce the rhetoric often used in action plans. For example, to state that the Plan of Action will achieve the “development of economic opportunities” or “increase the number of affordable housing stock” is neither appropriate to an AI nor feasible for AI planners². The Identification of Impediments and Plan of

¹ For example, the rate of unlawful housing discrimination was much lower in the 1998 survey than other indicators, such as HUD funded and monitored fair housing testing (including the 2001 HDS testing). On the other hand there is close correlation between these and other indicators with the results of the 2004 survey.

² 2000 AI, City of Tucson and Pima County.

Action for 2004 are more focused on Fair Housing than in 2000. Thus the 2004 Plan of Action is concerned with ways to facilitate better communication between fair housing and planning for (for example) economic development, transportation, affordable housing, etc. The 2004 Plan of Action seeks to provide for more input of fair housing information into the planning process and in turn a better understanding of the impact on these programs on fair housing choice. It is this information that can then be reported and acted upon in revisions in the Plan of Action.

The following are the impediments that were identified by the 2004 AI and the Plan of Action to address these.

Impediment	Action Plan
<p>1. Illegal Housing Discrimination in the following areas:</p> <ul style="list-style-type: none"> a. Home Sales b. Apartment and Housing Rental c. Home Lending Including Mortgage lending, Rehab and Home Equity loans. d. Home Insurance e. Persons with Disabilities including Accessibility in design and construction. 	<ul style="list-style-type: none"> a. The City and County will pursue continued support of enforcement programs that are broad based (service all areas of FHA) and 1) Intake, investigate and process complaints, including filing with HUD and the AG. 2) Assist complainants to remedy damages through conciliation or litigation. 3) Conduct testing to monitor the compliance of housing providers with all fair housing laws. 4) Release and publicize awards and settlements in fair housing cases to encourage compliance. 5) Monitor and review housing industry advertising

Impediment

Action Plan

<p>2.A lack of knowledge and understanding of the rights and responsibilities afforded under fair housing laws along with a need for a better understanding and appreciation of why and how diversity in neighborhoods contribute to better communities.</p>	<ul style="list-style-type: none">a. Informational presentations and trainings will be provided to <u>housing consumers</u> (including home buyers, renters, home loan and insurance seekers and persons with disabilities) to educate them in fair housing rights, how to identify housing discrimination and where to go for help if housing discrimination is encountered.b. Informational presentations and trainings will be provided to <u>housing providers</u> (including real estate agents, property managers, landlords, property owners, lenders, insurance agents, Architects, contractors and builders) regarding their responsibilities under fair housing laws, and what they need to do to comply.c. A wide range of informational fair housing pamphlets and literature will be produced and made available through City and County program offices; organizations and businesses throughout the County; at a wide variety of distribution points in the community, such as libraries and churches; and at public and private events, trainings, forums, meetings and conferences. Records will be kept of the type of literature, the location of distribution and the approximate number distributed.d. Fair housing events and presentations at other community events and conferences will be conducted to build a greater awareness of fair housing and appreciation of diversity. These will include housing fairs, fair housing month celebrations in April, a workshop at the Affordable Housing Conference, poster contests for youth, and neighborhood, church, ethnic and organizational events such as Juneteenth Day, Cinco de Mayo, CDBG events and the Dr. Martin Luther King Day Celebration.e. A community survey similar to the survey contained in this report will be annually conducted to monitor changes in fair housing concerns and knowledge.
--	---

Impediment	Action Plan
<p>3. Continuing problems with accessibility for persons with disabilities including the following:</p> <ul style="list-style-type: none"> a. Lack of accessibility in rental housing, b. Lack of accessible designs in new single family housing, c. Resistance on the part of the housing industry to mandated accessible visitability. d. A shortage of funding for modifications to improve accessibility in older housing units. 	<ul style="list-style-type: none"> a. Testing as well as education and outreach for accessibility will be conducted (see Action Plan for Impediment 1 & 2). b. Trainings for property owners, builders and contractors regarding their responsibilities to meet FHA accessibility requirements independent of local building codes will be conducted. c. The City and County will train inspectors to increase the focus on accessibility requirements. d. SWFHC will engage builders who are building accessibility into their homes to collaborate with fair housing staff to conduct trainings and workshops regarding the increased marketability of building accessible homes with construction companies that are producing accessible homes. e. SWFHC will collaborate with the Attorney General's Office to formalize a strategy to include contributions to modification programs as part of conciliation agreements and settlements by Respondents in cases where they have violated the accessibility requirements of FHA

Impediment

Action Plan

<p>4. The prevalence of predatory, abusive and unethical lending practices in Pima County as well as the disparate provision of services by lenders to minority residents, neighborhoods and communities.</p>	<ul style="list-style-type: none">a. The Fair Housing Coalition – a consortium of 11 organizations will work with the AG’s Office to attain passage by the State Legislature of an effective anti-predatory lending Statuteb. Pima County and the City of Tucson will pursue the investigation, analysis and reporting on predatory and abusive lending practices in Pima County. This will include continued monitoring of foreclosures and a study of abuses regarding Contracts for Deed. The investigation of Contracts for Deed will include a feasibility analysis of drafting and passing a countywide ordinance regulating Contracts for Deed.c. SWFHC will monitor annual HMDA data and evaluate and report on the results. The information will be made available through reports at forums and conferences and press releases.
---	---

Impediment	Action Plan
<p>5. Need for better communication and coordination between City and County Planning and Fair Housing personnel. Greater input by Fair Housing personnel is needed in the Planning Process as well as assessment, recommendations, information gathering and reporting. This includes planning in the following areas:</p> <ul style="list-style-type: none"> a. Transportation b. Affordable Housing c. Economic Development d. Sub Standard Housing e. Community, Neighborhood Development and Preservation f. Zoning g. Building Codes h. Inadequate Infrastructure i. Employment and the Living Wage Issue j. Deeds and Records 	<ul style="list-style-type: none"> a. The City, County and organizations interested in fair housing will seek to develop a plan to improve communication and allow for greater participation and input into the planning processes identified in Impediment #4. This plan will also allow for greater information gathering and reporting on the impact of specific public policies on fair housing choice in Pima County.
<p>6. The need for more fair housing training and better communication between fair housing staff and personnel conducting and participating in community programs.</p>	<ul style="list-style-type: none"> a. SWFHC will develop and implement a fair housing training schedule for the staff of public and private organizations and agencies involved in housing in Pima County. b. SWFHC will continue to work with Section 8 to train staff, review policies and conduct hearings.
<p>7 The need for more Fair Housing services in underserved areas of the County including Colonias.</p>	<ul style="list-style-type: none"> a. SWFHC will conduct a program funded by HUD to increase fair housing services to Colonias, including those in Pima County. b. SWFHC will collaborate with Pima County to establish a walk-in housing clinic in the Old Nogales Hwy. Colonia outside of Tucson.

II JURISDICTIONAL BACKGROUND DATA

Geography

Pima County, Arizona covers 9,184 square miles and is located in the southern part of the state bordering Sonora, Mexico. The San Xavier, Pascua Yaqui and Tohono O'odham reservations together account for ownership of 42.1 percent of County land. In addition to Tucson there are nineteen other smaller cities in the County.

Population and Demographics

As of June 2004, the population in Pima County is an estimated 930,718 and the population of Tucson is 522,187. The following table shows the history and future projections of the population in Pima County and Tucson.

Table 1: History and Future Projections of Pima County and Tucson Populations

Year	Pima County	Tucson
2015	1,174,900	659,829
2010	1,060,581	592,672
2005	955,800	532,350
2000	843,746	486,699
1995	758,585	442,910
1990	666,880	405,390
1985	611,471	376,195
1980	531,433	330,537
1975	351,666	262,933

The median age of residents is 36 years. Twenty-five percent of the population is under 18 years old and 14 percent are 65 years old or older. There are 350,000 households with the average household size being 2.5 people. Families make up 63 percent of the households. [Note: This figure includes both married-couple families (46 percent) and other families (17 percent)]. Non-family households make up 37 percent of all households in Pima County. Most of the non-family households are people living alone, while some are comprised of people living in households in which no one is related to the householder.

Table 2: Arizona Population by Age -2003

Selected Age Category	Pima County		Tucson	
	Number	% of Total Population	Number	% of Total Population
Total Population	870,764	100.00%	479,613	100.00%
Under 5 Years	61,731	7.09%	37,196	7.76%
Under 18 Years	221,227	25.41%	120,416	25.11%
18 to 64 Years	526,725	60.49%	303,903	63.36%
65 Years and Over	122,812	14.10%	55,285	11.53%
65 to 74 Years	64,366	7.39%	29,100	6.07%
75 to 84 Years	46,071	5.29%	20,514	4.28%
85 Years and Over	12,375	1.42%	5,671	1.18%

Source: U.S. Census Bureau, American Community Survey 2003

Tucson and Pima County host a rich diversity of racial and ethnic populations. Whites comprise roughly 59% of the population and Hispanics/Latinos just over 32%. Several Native American communities (close to 3%) as well as small Black and Asian populations (roughly 3% and 2% respectively) also contribute to the area's unique character and array of cultures.

Table 3: Arizona Population by Race and Ethnicity-2003

	Pima County		Tucson	
	Number	Percent of Population	Number	Percent of Population
Total Population	870,764	100%	479,613	100.00%
White	510,845	58.67%	245,606	51.21%
Black	22,669	2.60%	18,131	3.78%
Native American	22,876	2.63%	7,315	1.53%
Asian	18,281	2.10%	10,941	2.28%
Hawaiian and other Pacific Islander	1,024	0.12%	398	0.08%
Hispanic or Latino	280,520	32.22%	189,810	39.58%
Two or more races	13,224	1.52%	6,866	1.43%
Some other race	1,325	0.15%	546	0.11%

Source: U.S. Census Bureau, American Community Survey 2003

Income/Poverty

The 2000 Census estimate for Pima County indicates that just over 109,000 people, or 13% of the areas population³ (all ages), lived at or below the poverty level. In 2004, the Tucson Planning Council for the Homeless (TPCH) counted 4,208 people who are homeless living in Tucson on the streets or in shelters. In 2003, TPCH counted 137 people who died as a result of the conditions of homelessness. This figure is up from 80 people who died in 2001, and 50 people who died in 1999⁴.

³ Small Area Income and Poverty Estimates, U.S. 2000 Census.

⁴ Information provided by Lynn Ratener of Information and Referral Services/Tucson Planning Council for the Homeless, November 2004.

Table 4: Comparative Median Incomes – 2003

	Tucson	Pima	Arizona	U.S.
Median Household Income	\$32,414	\$37,818	\$40,762	\$43,564
Median Family Income	\$40,108	\$46,819	\$47,219	\$52,273
Median Per Capita Income	\$21,246	\$23,254	\$25,075	\$26,236

Source: U.S. Census Bureau, American Community Survey 2003

Employment

The three top sectors of employment in Pima County are educational/health/social services, government, and retail trade. While historically more significant, the agriculture and mining sector now accounts for less than 1 percent of area employment.

Table 5: Employment by Industry – 2003

	Pima County		Tucson	
	Number	Percent of Total	Number	Percent of Total
Government*	74,947	17.85%	43,916	17.89%
Agriculture, forestry, fishing and hunting, and mining	2,127	0.51%	652	0.27%
Construction	31,281	7.45%	17,000	6.92%
Manufacturing	33,133	7.89%	16,640	6.78%
Wholesale trade	8,551	2.04%	4,405	1.79%
Retail trade	47,098	11.22%	29,089	11.85%
Transportation and warehousing, and utilities	16,573	3.95%	9,110	3.71%
Information	9,049	2.16%	6,417	2.61%
Finance, insurance, real estate, and rental and leasing	23,832	5.68%	12,981	5.29%
Professional, scientific, management, administrative, and waste management services	38,782	9.24%	21,441	8.73%
Educational, health, and social services	93,407	22.25%	56,134	22.87%
Arts, entertainment, recreation, accommodation, and food services	39,650	9.45%	24,018	9.78%
Other services (except public administration)	18,176	4.33%	11,605	4.73%
Public administration	23,237	5.54%	13,613	5.55%
Total Employment	419,776	100.00%	245,495	100.00%

*Overlaps with other industry categories

Source: U.S. Census Bureau, American Community Survey 2003

Housing Profile

Tables 6 through 10 provide an overview of Pima County's current housing profile, including housing affordability indicators and homeownership rates. In addition, further analyses of U.S. Census data are tabulated.

Table 6: Housing in Pima County

Total Households/Occupied Housing Units	332,350
Median Household Income	\$36,758
% of Households with Household income <\$20,000	25%
% Owner Occupied Units	64%
% Renter Occupied Units	36%
Median Monthly Gross Rent (Rent + Utilities)	\$544
Median Monthly Owner Costs for Owner with Mortgage*	\$968
Median Monthly Owner costs for Owner without Mortgage*	\$276
Median Sales Price 2000**	\$119,907
% Owners Cost Burdened***	18%
% Renters Cost Burdened***	41%
Households with a Housing Problem	1 out of 4

*The Census only provides this for selected housing units, which do not include mobile homes, homes on more than 10 acres, and homes in multi-unit buildings.

** Average monthly median sales price for all residential types, MLS Month in Review Jan-Dec 2000, Tucson Association of Realtors.

*** Households that spend 30 percent or more of their incomes on housing are said to be cost burdened.

Source: Pima County Affordable Housing Needs Assessment and Cost Study: Sonoran Desert Conservation Plan, 2003. U.S. Census Data unless noted.

Table 7: Housing Affordability

	Rent	Purchase
Median Sales Price/Median Gross Rent	\$544	\$119,907*
Income needed to afford	\$21,760	\$41,715**
# Households who can't afford	82,734	179,614
% Households who can't afford	25%	54%

* Average of monthly median sales price for all residential types, MLS Month in Review Jan-Dec 2000, Tucson Association of Realtors.

** Based on 30 year, 8.05 interest rate loan, 15% for taxes and insurance, affordable at 28% of annual income.

Source: Pima County Affordable Housing Needs Assessment Cost Study: Sonoran Desert Conservation Plan, 2003. U.S. Census 2000 unless noted.

Table 8: Tucson, Pima and Arizona Homeownership Rate by Race and Ethnicity

Homeownership by Race and Ethnicity	Homeownership Rate		
	Tucson*	Pima*	Arizona**
All Households	56.87%	67.34%	66.20%
White Alone	60.55%	71.13%	71.30%
Black or African American Alone	41.38%	45.93%	46.30%
American Indian and Alaska Native Alone	38.75%	55.48%	55.70%
Asian Alone	48.35%	57.24%	53.20%
Native Hawaiian and Other Pacific Islanders Alone	33.86%	42.86%	45.50%
Some Other Race Alone	50.92%	57.32%	40.40%
Hispanic or Latino (of Any Race)	54.07%	60.37%	45.70%

* % of total households owner-occupied (Source: U.S. Census 2000, Summary File 1)

** As computed by the ADH, 3/4/04 (Source: U.S. Census 2000, Summary File 4)

Minority Concentration Areas

In keeping with the Pima County/Tucson 2000 Analysis of Impediments to Fair Housing, U.S. Census 2000 data across tracts of varying minority concentration levels are also examined.

Table 9: Owner-Occupied, Renter-Occupied and Vacant Units

Minority Concentration Tracts	# of Units Owner-Occupied	# of Units Renter-Occupied	# of Units Vacant
30% and higher (88 tracts)	79578 (51.5%)	60770 (39.5%)	14170 (9%)
Less than 10% (12 tracts)	20239 (75.5%)	1793 (7%)	4713 (17.5%)
All County Tracts (198 tracts)	213620 (58%)	118730 (32.5%)	34387 (9.5%)

Source: US Census 2000

Table 10: Average Tract Poverty Rates, Family incomes and Housing Age

Minority Concentration Tracts	% Below Poverty*	Median Family Income*	Median Age of Housing*
48% or Higher (52 tracts)	26.25%	\$30,717	28.5 years
30% or Higher (88 tracts)	22.50%	\$33,741	27 years
Less than 10% (12 tracts)	3.20%	\$66,213	19.5 years

* Figures shown provide the average of the noted numbers calculated for each tract within the category of concentration.

Source: US Census 2000

The Census data reveals that homeownership rates and incomes tend to be lower in high minority concentration areas, while the rates of poverty and the age of the housing stock tend to be higher. The 2000 AI Survey results showed higher rates of homeownership for the 30%+ and 48%+ areas (63% vs. 51.5% and 73% vs. 52.5% respectively). This is most likely due to the sampling design of the 2000 survey rather than an actual (and seemingly significant) shift in rates across census areas. The 2000 survey also found homeownership rates to be higher in the 48%+ minority concentration areas than in the 30%+. This report utilizes Census data to provide a more accurate assessment of such figures for the County and to allow for greater consistency over time in the methodology and data of the Pima County Analyses of Impediments.

III EVALUATION OF JURISDICTIONAL CURRENT FAIR HOUSING LEGAL STATUS

Fair Housing Laws and Policies

The City of Tucson has a Fair Housing Ordinance that is not substantially equivalent to FHA. A few of the significant differences are as follows:

1. The Tucson Ordinance is broader and includes all federally protected classes as well as marital status and sexual orientation.
2. Complainants must be bona fide and file directly with the City Attorney or referred by the City of Tucson Equal Opportunity Office.
3. Only the City Attorney can pursue cases as a violation of the City's Fair Housing Ordinance and the offense is classified as a misdemeanor. Individuals cannot use private attorneys.
4. A person found responsible for a first time offense is fined a minimum of \$300 but not more than \$2,500. A fine of at least \$600 but not more than \$2,500 is assessed for a second violation. And, a third infraction receives a fine of at least \$900 and again, not more than \$2,500.
5. A fine cannot be suspended and there is language regarding failure to comply with an order.

SWFHC was not able to attain the exact number of cases that have been prosecuted under the Ordinance over the last 5 years. Because of the advantages of federal and state fair housing laws, except for the two classes protected by the City and not FHA, the vast majority of complainants choose to file their complaints through SWFHC or with the Attorney General's Office or HUD.

Pima County does not have a Fair Housing Ordinance and defers to the State Fair Housing Statute. All allegations of illegal housing discrimination are referred to SWFHC or the Attorney General's Office.

Several other City and County offices promote non-discrimination. The City of Tucson Equal Opportunity Office develops and implements affirmative action programs for employment for minority- and women-owned businesses and small businesses. It conducts educational programs on cultural awareness, diversity, gender, disability, sexual orientation, age, religion, etc. The Office also conducts conflict resolution (mediation) sessions to resolve conflict based on bias, and investigates allegations of discrimination, both internal and external.

The City of Tucson also supports the activities of a locally appointed Human Relations Commission. The body serves to educate the public on issues of concern to minorities and also advises the Mayor and City Council on efforts to combat discrimination and promote cultural awareness.

IV IDENTIFICATION OF IMPEDIMENTS TO FAIR HOUSING CHOICE

Results of the Survey

A special survey was designed and administered by the Southwest Fair Housing Council in order to help measure possible patterns of housing discrimination in Pima County. Survey results provide indications of the extent to which racial/ethnic minorities encounter discrimination, as well as the prevalence of various forms of such discrimination in the community.

Table 11: Percentage of Survey Respondents Encountering Discrimination

Have You Ever Encountered Housing Discrimination or Know Someone Who Has?			
	<i>Yes</i>	<i>No</i>	<i>Don't Know/NA</i>
African American (39 respondents)	60%	31%	9%
Chicano/Hispanic (222 respondents)	29%	42.5%	28.5%
White (228 respondents)	24%	62%	14%
Native American (13 respondents)	38.5%	54%	7.5%
Disabled (64 respondents)	61.5%	37.5%	11%

Table 12: Type of Discrimination Reported

Types of Discrimination Reported By Respondents Who Encountered Discrimination or Know Someone Who Has					
Refusing, discouraging, or charging more to rent an apartment or buy a home.	Discouraging a person from living where they want to live. Steering them to another apartment, complex or neighborhood.	Refusing, discouraging, making it more difficult or charging more or providing less favorable terms on a home loan to buy, refinance, fix up or use the equity in a home.	Refusing, discouraging or charging more for home insurance.	Refusing to make a reasonable accommodation or allowing a modification to make an apartment more accessible for person with a disability.	Predatory lending: Unfair, misleading and deceptive loan practices.
76 (37%)	76 (37%)	51 (25%)	24 (12%)	32 (16%)	41 (20%)

Table 13: How Well Respondents felt they were Informed on Housing Discrimination

Do You Feel You Are Well Informed on Housing Discrimination?				
<i>Yes</i>	<i>Somewhat</i>	<i>Not Enough</i>	<i>No</i>	<i>No Answer</i>
183 (33%)	185 (33%)	97 (17%)	92 (16%)	7 (1%)

Community survey data points to a disparity in minority/disabled access to fair and affordable housing relative to the general population. In addition, over one third of survey respondents indicate they are either not well-informed or not well-enough informed on housing discrimination.

Public Sector

Zoning and Land Use Codes:

The Tucson/Pima County 2000 Analysis of Impediments to Fair Housing included the following findings related to area code compliance and enforcement:

- The Land Use Code was in full compliance with the Federal Fair Housing Act.
- The Uniform Building Code was significantly strengthened by its revision in 1996.
- Many deeds in Pima County still contain language with racial, ethnic and religious restrictive covenants. While the United States Supreme Court ruled them

unenforceable more than 50 years ago they nonetheless remain on many deeds and are offensive, demeaning and in some cases can even mislead and dissuade home seekers. A plan needs to be developed to remove these vestiges of overt racial segregation in Pima County as expediently as possible.

- The development of a comprehensive log system and updating process for CC&Rs were recommended.
- The plaque in the Pima County Recorder's Office disclaiming the enforceability of discriminatory restrictive covenants failed to mention "familial status" and "disability" as protected classes under the Fair Housing Act (signaling either an outdated plaque or non-compliance of County-adopted protections).

Since that time, matters of concern noted above have been addressed (see action plan). The state Attorney General's Office addressed discriminatory language in Arizona CC&Rs, thereby remedying problems with local covenants and restrictions. No logging system and updating process has been established. However with the elimination of potentially discriminatory references/language, such a system appears to be unnecessary from the perspective of promoting fair housing.

Some issues associated with the Zoning and Land Use Code remain worthy of further consideration. The web of local land use codes has evolved into an extremely complex labyrinth of rules. This can confound developers' efforts to meet building and land use requirements, particularly those pursuing affordable housing development⁵.

While the regulatory array across jurisdictions can be difficult, each area municipality has adopted a set of standards which then applies to all development within that municipality. The lack of differentiation within municipal regulations and codes (for setbacks, etc.) for infill projects versus outlying development projects tends to favor larger and higher density developments on the margins. As a result hundreds of vacant lots go undeveloped within metropolitan Tucson, the County's principal population center. Sprawl can create problems for communities, as distances between housing, employment, and transportation routes increase.

Neighborhood Revitalization and Affordable Housing:

A significant advance on the issues of revitalization and affordable housing occurred in the Pima County bond election in May 2004. In that election voters approved \$20 million for Neighborhood Reinvestment to help repair infrastructure in stressed neighborhoods. Voters also approved \$10 million for Housing Reinvestment to fund infrastructure to subdivisions that make homes or multifamily units more affordable to families whose income is at or below 80 percent of the median income.

As noted earlier, housing development patterns can impact affordability, as well as households' access to employment, public transportation, and basic goods and services.

⁵ Noted by Corky Poster of the Drachman Institute at Neighborhood Infill Coalition Forums, November 17 and December 1, 2004

In Pima County and the Tucson metropolitan area, increasing interest in promoting infill may help to balance the rapid development along the outskirts of the urban center.

Land cost and availability poses another barrier to infill. Since 1999, the average cost of land in Tucson has increased from \$1.25 per square foot to \$5.00 per square foot. In the empowerment zone, consisting of 29 neighborhoods from Prince to Irvington and River to Campbell, the following lots and land are available for infill development⁶:

North (Prince to Speedway): 216 vacant properties equaling 65.1 acres
Central (Speedway to 22nd Street): 539 lots equaling 97 acres
South (22nd to Irvington): 808 lots equaling 620 acres

Another key consideration relating to the availability of affordable housing in the future will be the refurbishment of the area's aging housing stock. A significant share of the area's housing stock was constructed in the World War II era. Half of the housing of that age has problems with at least one major system (plumbing, electrical, etc.)⁷. The deterioration of housing will disproportionately impact minorities, and could diminish housing availability in areas best located relative to jobs and public transportation.

Subsidized Housing and Displacement:

The City of Tucson's HOPE VI Project replaced the Connie Chambers Public Housing Project with 160 units of new construction (mixed-income, with 120 units going to families with incomes up to 60% of the area median and half of the units designated for public housing). The City has reported that the small number of displacements resulting from the project were fully mitigated through the provision of relocation resources and other assistance to impacted residents⁸.

Public Housing:

In a survey conducted of Public Housing residents and reported in the 2000 AI, most households indicated that there was no one 18 years or older who was unemployed and in need of a job. Residents wanted to be involved with the police and the Housing Authority in helping to prevent crime. A majority of the residents had not been victims of crime nor had their homes been broken into in the previous year. Residents perceived that people aged 13 to 16 who live in public housing were responsible for most of the crime in their neighborhoods. A majority were confident in the ability of the police to protect them from what may be a significant amount of drug-related crime; police were rated as "somewhat effective" by public housing residents. A majority of the residents liked living in the public housing unit, in terms of interior and exterior appearance. Residents indicated that people living in their neighborhood were friendly toward one another. A majority of the residents had not attended any resident organization, crime, or drug abuse prevention meetings during the previous year. Residents also indicated that there was not

⁶ Phone interview with Corky Poster, Director of the Drachman Institute, October 2004.

⁷ Figure offered by Pima County consultant Tres English at Neighborhood Infill Coalition Meetings, November 17 and December 1, 2004.

⁸ *Affordable Housing and Smart Growth*, National Neighborhood Group Report, 2001, p. 44. Also confirmed with City of Tucson Community Services' staff November 30, 2004.

an after-school program to help kids with their homework. A number of residents indicated that they did not know if a homework assistance program existed. Most children living public housing who were included in the survey did not attend after-school recreation programs because parents indicated that no program that they knew of existed. A majority of the residents had never been enrolled in the JOBS or JTPA programs. Despite a strong interest in economic independence, most residents were not familiar with the Housing Authority's Family Self-Sufficiency Program.

When asked about living conditions and quality of life, drugs and violence were the residents' two biggest concerns about living in their community. An overwhelming majority wanted to participate in a program to help themselves and their family move out of public housing. The biggest concerns that parents had for their children living in public housing were that children are exposed to crime and that children have too much free time after school. Residents affirmed the idea that extra-curricular activity can keep children on a safe path and out of trouble. Suggestions for youth activities given by the residents ranged from swimming and basketball for teens to field trips and cookouts. Recreation and a program to match adult role models with children were the top two services requested by parents for their children.

Most residents thought that people living in public housing and the Housing Management worked together to maintain the laws in their community. The Housing Management emphasized that drug use in the targeted public housing developments was understated by the crime statistics, number of emergency admissions, and other objective data used to quantify drug-related incidents. More often, drug-use and sales are catalysts for social problems that are easily measured. Sadly, children were heavily burdened by the majority of problems created by drug abuse and drug trafficking; neglect and lack of supervision, verbal abuse and exposure to drugs all lead to poor self-esteem, a lack of internal motivation and even despair among youth.

Pima County and the City of Tucson have been designated as a High Intensity Drug Trafficking Area by the Office of National Drug Control Policy. This designation indicates that there exist areas identified as having the most critical drug trafficking problems that adversely impact the rest of the country.

Section 8:

The Section 8 Program was enacted as part of the Housing and Community Development Act of 1974, which recodified the U.S. Housing Act of 1937. The Act and its requirements have been amended from time to time, as they apply to the Section 8 Certificate and Voucher Programs. The program objectives of Section 8 are to provide decent, safe, and sanitary housing for very low income families while maintaining their rent payments at an affordable level, to promote freedom of housing choice and spatial deconcentration of very low income families of all races and ethnic backgrounds, and to provide an incentive to private property owners to rent to very low income families by offering timely assistance payments. Administration of the Section 8 programs is in compliance with the HUD Section 8 regulations as well as all federal, state and local Fair Housing Laws and Regulations. It is the intent of the program not to deny any family or individual the opportunity to apply for, or receive, assistance under any Section 8

Programs on the basis of race, color, sex, religion, national or ethnic origin, age, familial status, handicap, disability, or sexual preference.

The preferences process of the City of Tucson Section 8 Program assigns all applicants to a waiting list in the order of preference status by order of date and time of the application. The various preference categories are:

- a) First Preference is given to those who are involuntarily displaced, living in substandard housing, paying more than 50% of income for rent.
- b) Second Preference is given to an applicant who is a local resident not qualifying for a First Preference.
- c) Third Preference is given to an applicant who is a non-local resident not qualifying for a First Preference.
- d) Special Provision is given to Veterans Affairs Supportive Housing (VASH), HOPE for Elderly Independence Demonstration Program, Shelter Plus Care Program, Housing Opportunities for People with AIDS (HOPWA-Rent Subsidy Program). Preference is given to veterans who have been homeless for 30 days or more.
- e) Prohibition of Preference is enforced for drug related criminal activity. The Housing Authority will not give a federal or local preference to an applicant if any member of the family is a person who was evicted during the past three years because of drug-related criminal activity from housing assisted under a 1937 Housing Act program.

The Southwest Fair Housing Council annually reviews and provides comments to Section 8 on their annually updated administrative plan. The plan complies with HUD regulations regarding the Section 8 program. In addition SWFHC trains Section 8 staff at least once a year to identify and refer violations of FHA by landlords. SWFHC also contracts with Section 8 to conduct hearings for clients that have had their voucher terminated. A client whose voucher is revoked can request a hearing at which time the violation of Section 8 policy is reviewed, mitigating circumstances are considered and the hearing officer (A SWFHC staff member) issues a determination whether to uphold or overturn the termination of the clients voucher. This determination is not binding on Section 8 but has been followed in over 90% of the hearings. The significance of this procedure is that terminations are reviewed by a SWFHC staff member with over 15 years experience in fair housing in order to insure that clients' rights under FHA are not compromised.

As of December 2004, there were 3,777 active vouchers issued by Section 8 in Pima County. It is estimated that approximately 800 of these have turned over in the last year. The total number of vouchers received by Section 8 has changed minimally in the last 2 years (+38). The waiting list in December 2004 was approximately 2,700 applicants. However, that number includes persons that have not as yet been screened with criminal background checks. Approximately 50% of those on the waiting list will be determined to be eligible. This means that the average wait to receive a voucher is slightly over a year and a half. As indicated, substandard housing is the highest preference claimed for

Section 8 applicants. The long wait for Section 8 housing assistance is currently being addressed by the Metropolitan Housing Commission.

Downtown Revitalization:

Tucson has embarked on an extensive downtown revitalization project known as Rio Nuevo. Plans for the project include the development of housing (including affordable housing units) as well as commercial projects. If successful the project could provide critical additional homes with ready access to area jobs, transportation, and public services. The project includes the construction of 800 new units of housing in and near downtown during 2004-2005.

Property Tax Policies:

Property taxes in Arizona include a primary and secondary tax. The primary tax is set at the state level, with funds utilized primarily for the public education system. The secondary tax rate can be changed locally only through the passage of designated, voter-approved bonds for capital projects. Voters in Pima County have recently approved such bonds for initiatives such as the acquisition of open spaces, neighborhood revitalization, and affordable housing. While the latter may in fact mitigate housing stresses in Pima County, no evidence is found that bond activity at the local level has negatively affected fair housing access.

Landlord Tenant Policies:

People often associate rental housing with neighborhood problems and instability. Efforts to mitigate the impacts of higher density developments have led many communities to encourage better property management practices and tighter tenant screening practices. This of course can improve the quality of life for the surrounding neighborhoods as well as for tenants of rental housing.

Some practices, however, run the risk of perpetuating discrimination. One case in point is the trend toward “exclusionary zoning” whereby entire categories of prospective renters – such as ex-offenders – are barred from renting in certain areas. Such broad-stroke measures can have the effect of decreasing housing access for racial minorities who tend to be overrepresented within the correctional system⁹.

In Pima County and Tucson, a more measured approach has been taken. The Tucson Police Department, for example, has developed a “Crime Free Multi-Housing Guide” which offers tips on tenant screening. In the section addressing screening based upon criminal record, the guide notes the “Patterns of arrest have proven to be discriminatory against protected classes and, as such, could be inappropriate to use as a screening criteria.”¹⁰

The guide also emphasizes throughout the importance of consistently applying any screening procedures and criteria to prevent discrimination. “Again, if you use such a

⁹ Comments from “Project Restoration” Community meeting, Tucson, November 23, 2004.

¹⁰ Tucson Crime Free Multi-Housing Program: A Practical Guide for Tenants, Owners and Property Managers, Tucson Police Department, 1995, p. 16.

policy, make sure it includes making reasonable accommodations for people whose particular handicap, or other protected characteristic, would otherwise result in the policy being a barrier to application...While you may not discriminate on the basis of race, color, religion, sex, disability, marital status, age, sexual orientation, or national origin, you *may* discriminate on the basis of many other factors, ***provided the effect is not a disproportionate denial of a protected class.***"¹¹

Such explicit cautionary guidance, along with the manual's outline of fair housing laws, can reinforce the City and County's commitment to non-discriminatory housing access. Adequate, highly accessible training and continued fair housing testing/monitoring remain the best mechanisms for insuring the detection and remediation of discriminatory screening practices.

Planning and Zoning Boards:

Several local boards and commissions oversee local planning and zoning matters. In the City of Tucson, the Board of Adjustment enforces planning and zoning laws and policies and authorizes or rejects requested variances. The Board notifies neighboring property owners and segments of the surrounding neighborhood whenever public hearings are held on a proposed project. Given the complexity of Land Use and Zoning regulations (see previous discussion), the process remains difficult for the citizenry to meaningfully participate in on any consistent basis. In addition the public notices disseminated to inform residents of an agenda item and scheduled hearing can be difficult to comprehend¹².

For greater Pima County, developments are reviewed and approved by the Planning and Zoning Commission, the County Board of Adjustment, and the County Design Review Committee. These public bodies are staffed by the Pima County Development Services Department.

Neighborhood leaders have increasingly called for the development of comprehensive neighborhood plans to help guide housing and commercial development within Tucson. While 38 such plans were adopted as part of the City's General Plan during the 1980's, very few have been developed since the 1990's¹³. The City has, however, taken proactive steps which could support the development and enactment of such plans. On April 1, 2002 the Mayor and Council established the Department of Neighborhood Resources. There are now 138 neighborhood associations registered with the City¹⁴, many of which hold regular meetings, publish newsletters and actively participate in public processes related to land use planning and zoning.

¹¹ Ibid. p. 19.

¹² Comments from Neighborhood Infill Coalition Forum, November 17 and December 1, 2004.

¹³ Information provided by the Drachman Institute at the Neighborhood Infill Coalition Forum, November 17 and December 1, 2004.

¹⁴ Figure provided by the Drachman Institute at the Neighborhood Infill Coalition Forum, November 17 and December 1, 2004.

Building Codes:

In 2002, the Pima County Board of Supervisors passed a landmark “visitability” ordinance which sets forth guidelines to insure greater housing accessibility for all newly constructed units. Over time the measure should have a measurable positive impact in the advancement of fair housing objectives of particular benefit to the disabled.

Enforcement of existing codes poses a concern. Prior to passage of the City Neighborhood Preservation Ordinance in February 2003 only two building inspectors were employed by the City to investigate complaints¹⁵. That number has been increased to five. The City of Tucson has, however, been particularly proactive in its efforts to coordinate and improve code enforcement efforts through its Slum Abatement and Blight Enforcement Response (SABER) Program established in 1999.

Tucson’s “Neighborhood Preservation Ordinance”, aimed at addressing problem properties and improving the quality of life for area residents, is now under review. The review process will include public hearings and other input opportunities for citizens.

Private Sector Lending Policies and Practices**Home Mortgage Disclosure Act (HMDA) Data:**

The National Community Reinvestment Coalition (NCRC) conducted an analysis of the 2003 HMDA data for Pima County on behalf of the Southwest Fair Housing Council for this report. The results and findings are as follows:

*A Comparison of the Lending Performances of the Top 10 Pima County Lenders:
Pima County, AZ vs. State of Arizona*

Using 2003 HMDA data, the National Community Reinvestment Coalition (NCRC) analyzed the lending performances of the top ten prime lenders in Pima County, Arizona. These lenders originated the largest number of all single-family loans (home purchase, home improvement, and refinance loans combined) in Pima County. The lenders included:

Wells Fargo Home Mortgage	Chase Manhattan Mortgage
National City Mortgage	
First Magnus Financial Corporation	
Countrywide Home Loans	
GMAC Mortgage Corporation	
Bank of America, NA	
Washington Mutual Bank, FA	
Flagstar Bank	
Bank One, NA	

All Single Family Lending Performance of Top Prime Lenders in Pima County

**Table 1: Lending Performance of the Top 10 Pima County Prime Lenders in
Pima County, Arizona**

	Portfolio Share						Denial Disparity Ratio
	All Loans	% to African-Americans	% to Hispanics	% to LMI	% to LMI Tracts	% to Minority Tracts	Hispanics-to-Whites
Wells Fargo Home Mortgage	7,390	1.5%	13.1%	15.7%	15.1%	11.6%	2.29
National City Mortgage	6,230	1.7%	13.4%	14.1%	15.6%	12.2%	1.54
First Magnus Financial Corp.	4,903	0.8%	10.4%	19.3%	14.3%	10.4%	3.33
Countrywide Home Loans	4,708	1.6%	14.2%	18.0%	15.6%	11.5%	2.08
GMAC Mortgage Corp.	4,618	0.8%	8.2%	15.3%	11.5%	7.7%	2.65
Bank of America, NA	3,609	1.4%	16.2%	19.0%	16.3%	13.2%	3.38
Washington Mutual Bank, FA	3,346	1.1%	10.3%	16.5%	15.6%	10.5%	1.68
Flagstar Bank	2,039	1.3%	12.1%	22.1%	15.8%	10.5%	1.82
Bank One, NA	1,989	2.5%	35.0%	31.1%	27.7%	29.3%	1.48
Chase Manhattan Mortgage	1,870	1.5%	11.9%	17.4%	15.7%	11.8%	1.95
All Prime Lenders	20,367	1.5%	14.4%	23.4%	16.2%	13.8%	2.32

Table 2: Lending Performance of the Top 10 Pima County Prime Lenders in the State of Arizona							
	Portfolio Share						Denial Disparity Ratio
	All Loans	% to African-Americans	% to Hispanics	% to LMI	% to LMI Tracts	% to Minority Tracts	Hispanics-to-Whites
Wells Fargo Home Mortgage	54,719	1.6%	10.9%	19.1%	14.7%	9.5%	2.42
National City Mortgage	25,282	1.7%	11.0%	17.9%	16.3%	13.0%	1.83
First Magnus Financial Corp.	14,570	1.1%	9.5%	18.9%	16.1%	13.7%	3.18
Countrywide Home Loans	29,051	1.7%	11.1%	21.5%	14.9%	9.5%	1.98
GMAC Mortgage Corp.	10,746	1.0%	7.8%	17.6%	10.9%	9.5%	1.37
Bank of America, NA	27,276	1.3%	12.9%	23.6%	15.5%	11.9%	3.21
Washington Mutual Bank, FA	23,691	1.3%	8.2%	19.6%	13.3%	9.2%	1.72
Flagstar Bank	7,136	1.0%	7.4%	21.9%	11.5%	7.9%	1.59
Bank One, NA	15,132	1.7%	20.1%	31.4%	21.7%	19.0%	1.52
Chase Manhattan Mortgage	11,506	1.1%	8.0%	18.3%	11.1%	9.4%	1.69
All Prime Lenders	48,963	1.5%	13.0%	16.1%	15.2%	11.8%	2.41

Table 3: Percentage Point Difference between the Lenders' Performances in Pima County and State of Arizona							
	Portfolio Share						Denial Disparity Ratio
	All Loans	% to African-Americans	% to Hispanics	% to LMI	% to LMI Tracts	% to Minority Tracts	Hispanics-to-Whites
Wells Fargo Home Mortgage		-0.1%	2.2%	-3.4%	0.4%	2.1%	-0.14
National City Mortgage		0.1%	2.4%	-3.9%	-0.7%	-0.7%	-0.29
First Magnus Financial Corp.		-0.3%	0.9%	0.3%	-1.9%	-3.4%	0.16
Countrywide Home Loans		-0.2%	3.1%	-3.6%	0.7%	2.0%	0.10
GMAC Mortgage Corp.		-0.1%	0.4%	-2.3%	0.7%	-1.8%	1.28
Bank of America, NA		0.1%	3.3%	-4.7%	0.8%	1.3%	0.16
Washington Mutual Bank, FA		-0.2%	2.1%	-3.1%	2.3%	1.4%	-0.03
Flagstar Bank		0.3%	4.7%	0.2%	4.3%	2.6%	0.23
Bank One, NA		0.7%	15.0%	-0.3%	6.0%	10.3%	-0.04
Chase Manhattan Mortgage		0.4%	3.9%	-0.9%	4.6%	2.3%	0.26
		Better = 0	Better = 8	Better = 0	Better = 4	Better = 7	Better = 1
		Same = 10	Same = 2	Same = 4	Same = 5	Same = 1	Same = 9
		Worse = 0	Worse = 0	Worse = 6	Worse = 1	Worse = 2	Worse = 0

In Tables 1 and 2, NCRC evaluated the lending performances of these ten institutions in Pima County and in the State of Arizona based on six measures of performance. These measures included:

- Percent of loans to African-Americans,
- Percent of loans to Hispanics,
- Percent of loans to low- and moderate-income (LMI) borrowers,
- Percent of loans to LMI census tracts,
- Percent of loans to minority tracts (more than 50 percent of census tract residents are minority),
- Denial disparity ratio between Hispanic and white borrowers (this illustrates the number of Hispanic borrowers denied a loan for every one white borrower denied a loan)

In Table 3, NCRC compared the lenders' performances in the two areas by subtracting a lender's score in Arizona from its score in Pima County. For example, Flagstar made 12.1% of its loans in Pima County to Hispanics while it made 7.4% of its loans in Arizona to Hispanics. In comparison, Flagstar performed 4.7 percentage points better in Pima County than in Arizona, as shown in the fourth column of Table 3.

At the bottom of Table 3, NCRC tallied the comparisons for each indicator to illustrate how many lenders performed better, same, or worse in Pima County when compared to Arizona. For instance, for percent of loans to African-Americans, all ten lenders performed at the same level in Pima County as they did in Arizona. Note, a lender's performance in Pima County was considered to be at the same level as in Arizona if there was only a difference of one percentage point or less (or a difference of 0.50 or less in the denial disparity ratio).

Generally, the lenders performed the same or better in Pima County than in Arizona. However, in percent of loans to LMI borrowers, six of the ten lenders performed worse in Pima County than in Arizona. The greatest difference occurred as Bank of America made 19 percent of its loans to LMI borrowers in Pima County but made 23.6 percent of its loans to LMI borrowers in Arizona, a difference of 4.6 percentage points.

Lending Performance of Aggregate Prime & Aggregate Subprime Lenders in Pima County and State of Arizona

Using the same performance measures listed above, NCRC also evaluated the performances of prime and subprime lenders as aggregates in Pima County and the State of Arizona. In this analysis, NCRC reviewed home purchase lending trends and refinancing trends separately and did not include home improvement figures.

One purpose of this analysis was to offer a broader picture of the lending trends in Pima County and Arizona. Another purpose was to provide a way to compare the prime and subprime lending trends in these areas.

**Aggregate Lending Performance:
Pima County vs. Arizona State**

--	--	--	--	--	--	--

HOME PURCHASE

--	--	--	--	--	--	--

Table 4: Lending Performance in Pima County, Arizona			Table 5: Lending Performance in Arizona		
	Prime	Subprime		Prime	Subprime
All Loans	20,367	1,488	All Loans	150,502	18,945
% to African-Americans	1.5%	3.4%	% to African-Americans	1.7%	3.5%
% to Hispanics	14.4%	35.3%	% to Hispanics	12.7%	20.8%
% to LMI	23.4%	26.1%	% to LMI	28.5%	28.6%
% to LMI Tracts	16.2%	29.2%	% to LMI Tracts	17.7%	25.2%
% to Minority Tracts	13.8%	32.3%	% to Minority Tracts	13.8%	21.3%
Hispanic-to-White Denial Disparity	2.32	1.08	Hispanic-to-White Denial Disparity	1.99	1.20

REFINANCE						
Table 6: Lending Performance in Pima County, Arizona			Table 7: Lending Performance in Arizona			
	Prime	Subprime			Prime	Subprime
All Loans	48,963	4,423		All Loans	314,294	34,509
% to African-Americans	1.5%	2.4%		% to African-Americans	1.5%	2.8%
% to Hispanics	13.0%	24.6%		% to Hispanics	9.9%	20.6%
% to LMI	16.1%	30.3%		% to LMI	18.6%	33.0%
% to LMI Tracts	15.2%	31.3%		% to LMI Tracts	13.9%	27.8%
% to Minority Tracts	11.8%	31.2%		% to Minority Tracts	10.5%	25.9%
Hispanic-to-White Denial Disparity	2.41	1.03		Hispanic-to-White Denial Disparity	2.07	0.95

NCRC found lending discrepancies in the percentage of prime lending and subprime lending trends in observed areas. For example, the Pima County home purchase data in Table 4 illustrates that African-Americans, Hispanics, and minority tracts receive less than half the percentage of prime loans than subprime loans. In Pima County, 35.3 percent of loans made by subprime lenders went to Hispanics while only 14.4 percent of the loans made by prime lenders went with Hispanics. The Pima County refinance data in Table 6 shows similar results as Hispanics, LMI borrowers, LMI tracts, and minority tracts receiving a significantly lower portion of prime loans than subprime loans. These discrepancies suggest that prime lenders can increase the percentage of their loans to traditionally underserved borrowers and neighborhoods in Pima County.

NCRC's report, *The Broken Credit System* (available at <http://www.ncrc.org>), reveals that subprime lending increases as the number of minorities increase in a neighborhood, even when controlling for credit worthiness. Although this report does not include Pima County, it suggests that prime lenders can do a better job reaching credit worthy borrowers in underserved neighborhoods.

See Attachment C for additional analysis of 2003 HMDA data for Pima County.

An Analysis of Foreclosures in Pima County:

Foreclosures are one way that predatory lenders strip equity from borrowers. The Southwest Fair Housing Council, based in Tucson, conducted a study of foreclosures in Pima County, which included a review of over 5,000 foreclosure (all foreclosures in 2002) filed with the Pima County Register of Deeds. Some of the results are as follows:

- Foreclosures in Pima County increased from 1,399 in 1995 to 3,426 in 2002, an increase of about 144%. During the same period of time home sales increased from 8,121 to 13,251, an increase of 61%. Thus the ratio of foreclosures to homes sold in Pima County rose from one foreclosure for every 5.8 homes sold in 1995 to one foreclosure for every 3.87 homes sold in 2002, an increase of over 65%.

Table 14: Increase in Foreclosures in Pima County

Year	Number of Foreclosures	Change from Previous Year	Annual Percentage of Increase	Percentage of Increase Since 1995
1995	1399	-	-	-
1996	1641	+242	17.3%	17.3%
1997	2108	+467	28.5%	50.1%
1998	2230	+122	5.8%	59.4%
1999	2540	+310	13.9%	81.6%
2000	2684	+144	5.7%	91.9%
2001	3134	+450	16.8%	124.1%
2002	3426	+292	9.3%	144.9%

Source: The American Dream Lost: Foreclosures in Pima County, SWFHC 2004

- In 2002, 770 different lenders recorded foreclosures in Pima County. Almost half of these lenders were individuals, largely making loans with Contracts for Deed

arrangements. For institutional lenders, only 4% of lenders were responsible for over 37% of the foreclosures.

- Of the 22 lenders that led in foreclosures in Pima County in 2002 (all had over 25 foreclosures each) seven did not report loans in Pima County in HMDA reports: Nova Financial and Investment, Charter Funding, Equicredit Corporation, Fleet Mortgage Company, Washington Mutual Bank, Home American Mortgage Company, and Starr Pass Golf Suites. One of these, Nova Financial and Investment had nearly twice the number of foreclosures (167) as the lender with the next highest number of foreclosures, Bank One (89).
- There were wide disparities in the ratios of foreclosures to loans among Pima County Lenders in 2002.¹⁶ The study was not able to determine the ratio of foreclosures to loans for all the lenders in our focus group of 22 lenders. SWFHC researchers derived the number of loans for each lender from the 2002 HMDA reports and 10 of these lenders did not file reports. Table 3 shows the percentage of foreclosures to loans for the 12 of the 22 targeted lenders filing HMDA reports. Table 4 shows only the total number of foreclosures for the 10 lenders who did not file HMDA reports.

Table 15: Percentage of Foreclosures to Loans for Targeted Pima County Lenders Filing HMDA Reports in 2002

Loan Originator	Total Foreclosures in 2002	Total Loans in 2002	Percentage of Foreclosures to Loans*
New Century Mortgage Corp	66	203	32.51%
American Home Mortgage	31	91	31.31%
Long Beach Mortgage Co.	37	140	26.43%
Centex Finance Co.	27	153	17.65%
Option One Mortgage Co.	39	250	15.60%
Ameriquist Mortgage Co.	31	202	15.35%
Chase Manhattan Mortgage	78	1,195	6.53%
Bank One	89	1,450	6.14%
Sterling Capital Mortgage	30	862	3.48%
Bank of America	51	2,270	2.25%
Wells Fargo Bank	57	4,401	1.30%
Countrywide Funding Corp.	34	3,407	1.00%
TOTAL	570	14,624	3.90%

* Shading indicates lenders above the average percentage of foreclosures to loans in Pima County.

Source: *The American Dream Lost: Foreclosures in Pima County, SWFHC 2004*

Based on this data many lenders in Pima County exhibited a disturbing ratio of foreclosures to loans in 2002. As stated previously, this does not necessarily mean that

¹⁶ See discussion of foreclosure ratio versus foreclosure rate in the final section of this report.

predatory tactics were responsible for these foreclosures. However because of the damage that foreclosures inflict on individuals, families and communities and the role that predatory lending tactics can possibly play in foreclosures, high ratios of foreclosures to loans are problematic and warrant further investigation to determine the reasons. Even if predatory lending is not a factor in a high ratio of foreclosures, the high ratio itself is cause for the development of preventative strategies and action by community advocates.

Table 16: Top 22 Lenders in Foreclosures in Pima County not filing HMDA reports in 2002

Loan Originator	Foreclosures in 2002
Nova Financial and Investment	167
Charter Funding	40
Equicredit Corp.	36
Fleet Mortgage Corp.	36
Washington Mutual Bank	35
Home American Mortgage	34
North American Mortgage	34
Kaufman & Broad Mortgage Corp	32
Starr Pass Golf Suites	31
Associates Financial Services Co.	29
TOTAL	474

Source: The American Dream Lost: Foreclosures in Pima County, SWFHC 2004

- Zip codes with above average rates of poverty were two times as likely to have high foreclosure rates.
- For all lenders, the rate of foreclosure in loans made to Hispanics in 2002 was 13.9% while the rate to white non-Hispanics was 2.5%. Zip codes with the lowest proportion of Hispanics had the highest rates of Hispanic foreclosures. Overall, in zip codes with below average Hispanic population the foreclosure rate is four times their proportion of the population. Hispanic foreclosures outnumber their representation in the population in over 75% of zip codes. The impact of this situation is that foreclosures are decreasing neighborhood diversity and increasing residential segregation.
- In 2002 over 65% of all foreclosures occurred within three years of the origination of the loan.

Other related facts:

- According to Bank One, less than half of all home foreclosures (48%) are due to job loss, disabling injuries or illnesses.
- The number of mortgage brokers licensed in Arizona has grown from 374 in 1999 to 907 in 2003, an increase of about 143%, virtually the same increase as the rate of foreclosures in Pima County.

The Foreclosure Study came up with a number of recommendations including the following:

1. More information is needed to be able to identify and monitor foreclosures and their relationship to predatory lending in Pima County.
2. Advocates for fair lending in Pima County need to collaborate with activists at the state level to support a state anti-predatory lending law.
3. Pima County does not have the authority to enact a local ordinance addressing this issue and therefore is required to defer to the State. However, the City of Tucson is not so restricted and could consider a local anti-predatory lending ordinance.
4. Anti-predatory prevention programs, mortgage counseling, financial literacy training, and partnerships with fair lenders should be expanded.
5. A community based fair lending committee should be established to contact and open discussions with lenders with high foreclosure rates to explore collaborative strategies that can reduce the number of foreclosures.
6. A Predatory Lending Remediation Program (PLRP) should be established.
7. More research needs to be conducted into Contracts for Deed in order to better identify abuses and develop county-wide regulations to prevent them.

The Payday Loan Industry in Pima County:

The Payday Loan Industry has increased dramatically in the last few years in Pima County. As branches of prime lenders have decreased in high minority and lower income neighborhoods the Payday Loan Industry has expanded, ironically at times occupying the same buildings or space. Also ironic is the fact that many of these payday loan companies are being financed by the same prime lenders that abandoned these neighborhoods. The impact of enormously higher cost and unstable credit to lower income neighborhoods is decreased homeownership and increased mortgage default rates and foreclosures; payday loans often negatively impact credit ratings and are a common and frequently fatal stop gap measure to make mortgage payments.

In December 2003 the non-profit Southwest Center for Economic Integrity (SCEI) completed a study of the payday lending industry in Pima County funded through SWFHC and the County CDBG program. The report indicated that an estimated 430,000 “deferred presentment” or payday loans were issued in the County during 2002. The total principal represented by those loans was estimated at \$130 million, with annual charges and fees collected being approximately \$20 million that year.

Mapping of the industry revealed that these payday loan operations tend to be more prevalent in high-stress and higher minority concentration areas. Whether the recent establishment of partial service banking outlets by prime lenders in high traffic retail locations such as grocery stores will have any significant impact on consumer lending in these neighborhoods is problematic. Payday lenders are using a similar and perhaps more effective marketing strategy by locating in grocery stores targeting minority residents and strip malls in high stressed neighborhoods where prime lenders have yet to reestablish themselves. Given the high cost of such loans (typically 450% APR or more) and the

significant sums of money involved, Pima County and the City of Tucson will continue to scrutinize this form of lending, as well as focus on related questions regarding predatory mortgage lending and broader consumer lending patterns.

Public and Private Sector

Fair Housing Enforcement:

The Southwest Fair Housing Center, formally the Southern Arizona Housing Center, provides fair housing enforcement throughout the state of Arizona and is the only private fair housing organization (FHO) providing these services to Pima County. The City of Tucson and Pima County has contracted with SWFHC to carry out a comprehensive fair housing program that includes fair housing enforcement as well as education and outreach.

The enforcement program that SWFHC has conducted in Pima County over the last 5 years has included both auditing housing providers compliance with fair housing laws primarily through systemic testing and taking, and investigating and assisting person’s alleging housing discrimination in filing complaints with HUD. SWFHC will also file complaints with HUD as a complainant when systemic testing shows discriminatory practices by a housing provider. SWFHC continues to work with complainants once the complaint is filed and can assist in the conciliation and litigation processes. Over the past 5 years SWFHC has participated in conciliations and settlements that have resulted in several remedial actions and monetary settlements.

SWFHC will also mediate complaints and or negotiate voluntary compliance before complaints are filed with HUD. The decision to mediate without filing is always made by the complainant when they feel that it is in their best interests to do so.

The following are some of the results of the enforcement efforts over the last 5 years in Pima County and provides evidence of the type of housing discrimination that has and is occurring:

Results of Testing:

Table 17: Results of Testing Conducted by SWFHC in Pima County: March, 2000 to August 2004

Type of Test	Total	Basis			Results		
		Race	National Origin	Familial Status	Supports*	Does Not Support**	Inconclusive***
Rental	540	209	268	63	119 (22%)	200 (37%)	221 (41%)
Sales	180	92	87	1	54 (30%)	45 (25%)	81 (45%)
Lending	34	30	4		16 (47%)	7 (21%)	11 (32%)
Disability	168	N/A	N/A	N/A	42 (25%)	63 (38%)	63 (38%)
Accessibility	83	N/A	N/A	N/A	54 (65%)	29 (35%)	N/A
Total	1,005	331	359	64	285(28%)	344(34%)	376 (38%)

* Supports an allegation of illegal housing discrimination. There is evidence of non-compliance with FHA or disparate treatment unfavorable to the tester with the protected class characteristics.

** Does not support an allegation of illegal housing discrimination. Test shows full compliance and/or substantially similar treatment of the testers.

*** The test was inconclusive and while there may be disparities it is not clear that they evidence discrimination.

Complaints:

The vast majority of allegations that SWFHC receive are not jurisdictional to HUD and the Fair Housing Act but rather come under the category of Landlord/Tenant dispute. SWFHC receives on average over 25 complaints a day and each of these must be reviewed to determine if they do in fact have a basis in FHA and are jurisdictional to HUD. On average about 15% of all complaints received have a basis in fair housing. SWFHC does not receive funding for landlord tenant issues and must refer these out. Over 50% of these are Hispanic. Unfortunately there is an enormous need in Pima County for help to tenants whose landlord may be violating the State Landlord-Tenant Act that is not being met. There is at present only two sources of help (Legal Aid and the Attorney General’s Office) and they are overwhelmed and only able to meet a fraction of the need.

Since 2000 SWFHC has formally taken in, opened files and investigated 188 fair housing complaints in Pima County.

Table 18: SWFHC Received and Handled Complaints

Type of Complaint	Total	Outcome			
		No Cause	Withdrew	Mediation/ Settlement/ Voluntary Compliance	Filed w/ HUD or FHAP
Race	38	12	9	12	5
National Origin	48	13	11	15	9
Disability	63	7	11	30	15
Familial Status	37	9	10	13	5
Sex	4		1	1	2
Religion	1			1	
Total	188	41	42	110	36

Findings:

Illegal housing discrimination continues to be prevalent in Pima County. All areas of testing indicated significant levels of disparity of treatment but there were some areas where these differences were higher than others. Similarly there were differences in the number of complaints received which, in general, reflect the areas where discrimination is most prevalent. The following are determinations that were made based on both the results of testing and the complaints received.

Based on Testing:

The overall rate of treatment less favorable to protected class testers was 28%. This means that in almost a third of all tests conducted in all areas there was a finding which supported an allegation of discrimination. While the rate of illegal differential treatment in all these areas is of concern and warrants response most disconcerting were the results in the area of Accessibility. Nearly two thirds (65%) of all rental complexes occupied after March 13, 1991 had at least one violation of accessibility standards. Based on interviews, complaints filed by SWFHC with HUD and the conciliations or settlements

which ensued, feedback from trainings and statements by rental agents there appears to be at least four reasons for the continued high rate of non-compliance in these areas. 1) The industry is still poorly informed regarding the accessibility requirements. 2) Builders and contractors frequently do not following the Architects design and cut corners during construction. 3) The assumption on the part of builders, contractors and property owners that passing local inspection provides safe harbor for federal requirements. While federal requirements may be written into local codes building inspectors, for a number of reasons, do not necessarily catch accessibility problems. Property owners must be aware of the requirements and provide for their own inspection to assure full compliance. And 4) the industry is still lackadaisical about compliance and some do not take enforcement in this area seriously enough. What needs to be done to address these impediments is included in the Plan of Action.

Based on Complaints:

Complaints received from persons who have experienced housing discrimination are only the tip of the iceberg in terms of what discrimination is actually occurring. This was evidenced in the Community Survey which indicated that a very high rate of residents are not well informed regarding, first, what illegal discrimination entails and what their rights are and second where they can go to get the help they need to assert their rights, remedy the situation and redress the damage. At least two things are needed in this area. First more education and outreach is needed to better inform both residents and housing providers of their rights and responsibilities and second, expanded enforcement and more coverage in the media, fair housing literature (e.g. newsletters) and grassroots and industry communications regarding the results of enforcement actions to encourage industry agents to get the training they need and dissuade possible fair housing violators.

Advertising:

As part of this analysis, the Southwest Fair Housing council solicited brochures and program outreach-related materials from City of Tucson and Pima County CDBG recipients to evaluate advertising practices in the community. The evaluation was based on compliance with the HUD advertising guidelines described below. Advertising guidelines under the Fair Housing Amendments Act of 1988, Section 804 state:

“...it is unlawful to make, print, publish, or cause to be made, printed or published any notice, statement or advertisement, with respect to the sale or rental of a dwelling that indicates any preference, limitation, or discrimination based on race, color, sex, national origin, disability or family status, or any intention to make such preference, limitation or discrimination.”

Section 804 covers all forms of advertising including flyers, brochures, billboards, mailings, radio and television ads, newspaper and magazine ads, real estate signs, business cards, and verbal representations. This section covers anyone placing or publishing an advertisement. If an advertisement exclusively targets a particular race group, the person placing the advertisement and the newspaper publishing the advertisement are both liable.

The major provisions of the HUD guidelines require that:

- all advertising for housing should include either an Equal Housing Opportunity Slogan or the Equal Housing Opportunity Logo. In the case of the logo, its size and placement must comply with HUD regulations.
- the use of human models in real estate related advertisements should be clearly definable as reasonably representing majority and minority groups. If these models are used in photographs, drawings or other graphic techniques, they should be done in such a way as to communicate that the housing is open (fair and equal) and that all members of the community are welcome.

The 1994 Arizona Attorney General's Office study on real estate advertising throughout the State examined newspapers, apartment guides and billboards for fair housing guidelines compliance. It was determined that the majority of advertising was in compliance. There were however, instances of discriminatory language or images, especially in billboard advertising. The majority of the billboard advertisements that used human models did not have representations of people of color. Since that time education, training and enforcement actions have helped to make the advertising industry more aware. For example, a suit against a newspaper chain in Southern Arizona by the Southern Arizona Housing Center (now Southwest Fair Housing Council) was settled in 1999 for approximately \$50,000 of in-kind and monetary damages. That case drew attention to the responsibility the media has in complying with FHA. In the last 5 years there has been improvement in using persons of color and persons with disabilities as models in advertising, including billboards in Pima County.

Findings on Advertising Practices:

While there is generally a high rate of compliance to FHA advertising standards by organizations, businesses and the media, areas of significant concern remain. One area of these is the differences found between the Spanish and English versions of the monthly apartment guides. A review of the guides by SWFHC has found differences in the terms and conditions presented by management companies or property owners for the same properties. For some properties the terms and conditions advertised in the Spanish language guide were less favorable than those in the English guide. In other cases the terms and conditions in the Spanish language guide were more favorable when the complex was in a predominantly Hispanic neighborhood – which could indicate steering. SWFHC is presently investigating this situation and anticipates filing complaints by the time this AI is released.

Other Enforcement Efforts in Pima County:

Two years ago the City of Tucson closed its Consumer Affairs Division, Office of the City Attorney. The Consumer Affairs Division was created through a Mayor and Council ordinance based on the public need for municipal activity in the area of consumer awareness and protection. The functions of the Consumer Affairs Division were to accept complaints; conduct investigations; mediate disputes; seek complaint resolution; gather and disseminate consumer information, make referrals to other agencies; review local, state and federal consumer legislation, and administrative rules and regulations

relating to consumer matters; formulate recommendations for City action in consumer affairs; and coordinate municipal activities in consumer affairs with public and private entities providing protection mediation or information programs for consumers. The division initiated investigations and resolved complaints through criminal prosecutions, administrative proceedings, non-judicial actions, application of the Arizona Consumer Fraud Act, formal or informal mediation processes, or civil action pursuant to the Tucson City Charter. The closure leaves a large void in the community since no other agency has taken over these responsibilities. Where the void is perhaps most acutely felt is in the area of landlord/tenant issues. Tenants have lost one of their few and arguably strongest recourse to abusive landlord practices.

City of Tucson, Development Services Department is the housing code enforcement department for the City of Tucson. This department receives citywide complaints, including vacant and abandoned lots, buildings without permits, electrical and plumbing violations and substandard housing conditions.

The following outlines the complaint Intake Process:

1. Housing complaints are received by Complaints Section clerical pool, by phone, through mail, or self-generated by inspector. A complaint form is completed without verification of complainant's name for purposes of confidentiality and protection from any retribution. Validity of the complaint is verified only after an inspection is conducted. If after an inspection, a complaint is found to be invalid, the turnaround time for the invalid complaint to be removed from the database is unknown.
2. After a complaint form is completed, an Inspector reviews the complaint and assigns the complaint for inspection under these categories: vacant & abandoned, building without permit, building/electrical/ mechanical/ plumbing violations, and minimum housing. There are currently 20 Inspectors and 1 Supervisor assigned to the complaints' section.
3. After an inspection is conducted, the information is entered into the database. Data entry is not done by one designated person which may be observed in the inconsistencies in the coding and status of complaints.
4. All open and closed complaints are maintained in one database. Maintenance of the database, i.e. turnaround time to reflect changes as it occurs is unknown. No regular reporting method is in place, except for a quarterly printout consisting of case number, address, and type of complaints distributed to interested departments. The database is not capable of providing a tally or providing a summary, i.e., total by type of complaints, total complaints by address, total complaints by zip by type of complaints, total complaints by type per month/year, etc.
5. When a complaint is entered into the database, it becomes a record. A record is an address of a property that may have various complaints (coded as com1, com2, etc.), ranging from the categories listed under #2. Some complaints within the

database may have been corrected but not deleted. Complaints that stay open in the database are those that may not be valid but have not been inspected, valid but not inspected, inspected and corrected but not deleted from the database and inspected but not corrected. Some complaints were noted as closed on the comments screen, but still coded as an open complaint. Ownership of the property with complaints is verified by on-line access of the Assessor's database.

Recommendations to Mayor and Council from the Metropolitan Housing Commission on a proactive approach to code enforcement, especially with regard to rental housing units, are under review. The goal of the recommendation is to establish a proactive policy that will not jeopardize rent affordability and cause displacement of tenants. See "Substandard Rental Housing" section for details of this study and recommendations.

Education and Outreach Programs:

Pima County and the City of Tucson provide CDBG funding to the Southwest Fair Housing Council to conduct Fair Housing education and outreach in Pima County. Additionally, SWFHC is also funded by HUD for statewide activities and uses a portion of this for E&O in Pima County.

Within Pima County over the last 5 years SWFHC has conducted hundreds of fair housing trainings to housing providers, housing consumers, public and private agency staff, businesses and elected and appointed officials. In addition SWFHC has collaborated with hundreds of agencies and organizations in the review, evaluation and planning of policies, procedures, and reports and the planning of events including fair housing education. SWFHC has also sponsored a number of fair housing initiatives such as forums, youth activities, The Fair Lending Coalition and The State Certified Fair Housing School.

A detailed compilation of SWFHC fair housing E&O activities in Pima County over the last 5 years is included in Attachment b.

A summation of some of the fair housing activities is included in the following table:

**Table 19: A Selected Summary of E&O Activities
Conducted by SWFHC in Pima County
July 1999 to November 2004**

Activity	Number of Sessions	Number of Participants
Real Estate Classes for CEU's	7	442
Trainings at new homebuyers sessions	67	938
Youth Fair Housing Poster Contests	3	460
Fair Housing Workshops for housing providers	136	2,049
Fair Housing Workshops for local public and private agencies	16	368
Fair Housing workshops for local businesses	18	144
Workshops and presentations at conferences	8	379
Aging in Place Workshops	5	94
Accessibility and Design workshop	1	53
Marketing Accessibility Workshop for Realtors	1	60
Total	270	4,987

Findings:

While there has been a significant amount of education and outreach conducted in Pima County over the last 5 years, problems remain and are notable in several areas:

1. Enforcement data indicate many rental and sales agents are still poorly informed regarding fair housing and because of this are violating FHA. A major part of the problem lies with company management not assuring that employees get the training they need. Cost is not an excuse as SWFHC, for one, provides training classes at no cost. What this indicates is that more E&O needs to be targeted to management companies in order for them to realize that many are not meeting their FHA responsibilities to staff and employees. The consequences for management companies could be expensive.
2. The number of housing consumers who expressed that they know little about fair housing was high. People generally do not recognize housing discrimination and do not know what to do when they encounter it. Confusion is especially notable with regards to people's understanding of the difference between their tenant rights and their fair housing rights. This continuing problem is surprising considering the E&O that has been done. Ongoing E&O is needed to continue to chip away at this problem.

3. Enforcement data in the area of disabilities and accessibility is particularly disconcerting. A full 65% of eligible units constructed – the large majority over the last 5 years - still do not fully comply with FHA accessibility standards. In regards to E&O, this implies that that many architects, contractors and owners either are not fully aware of FHA requirements, or do not take them seriously. These players need to be targeted for E&O as well as enforcement.

Another problem with regards to accessibility lies with the lack of inspection capacity on the part of the City and County. Builders and contractors either do not take inspection in regards to FHA seriously or assume that if they pass local inspection they have a safe harbor from FHA. Inspectors need to either focus on federal accessibility standards and enforce them (since they are part of local codes) or be honest with builders and contractors that passing local inspection is not a sign-off on FHA. In this case, builders and contractors need to carefully conduct their own inspection at all phases of construction to assure compliance and avoid costly retro-fitting and possible civil penalties.

V ASSESSMENT OF CURRENT PUBLIC AND PRIVATE FAIR HOUSING PROGRAMS AND ACTIVITIES IN THE JURISDICTION

Assessment of the 2000 Plan of Action and the Results.

The 2000 AI was largely structured around the Community survey that was conducted in 1998. This survey was rather global in design and pulled the discussion as well as the Plan of Action beyond the issues that are normally addressed in an AI. Many of these issues are better addressed in other areas of the Consolidated Plan and only referred to in their impact on fair housing in the AI itself. For example, while economic development and the creation of jobs at living wages certainly impacts on fair housing how to create jobs is better addressed in the Consolidated Plan and its impact on fair housing referred to in the AI. This approach in 2000 made both implementing and reporting on and assessing the results of the 2000 Plan of Action a challenge. To avoid the redundancy of simply repeating what is presented in the body of the Consolidated Plan when it is discussed there it is referred to rather than detailed in the AI.

The City and County affirmatively acted to further fair housing goals since submission of the 2000 Analysis of Impediments. Crucial issues noted in the 2000 AI as relevant to fair housing choice were:

- A rapidly aging housing stock in need of rehabilitation over the coming decade.
- A growing number of rental units in substandard condition, requiring proactive housing code enforcement supplemented with programs to assist with improving living conditions and maintaining affordability.
- The disparity in homeownership rates in areas of higher minority concentration.

- The anticipated need over the coming 20-30 years for more housing appropriate for the aging population.
- The need to consolidate metropolitan area-wide housing assistance efforts to overcome jurisdictional and artificial program delivery barriers.
- The need to encourage applicants to consider racially non-impacted locations and participation in typically-avoided programs.
- The promotion of self-sufficiency by encouraging minorities to consider assistance programs other than public housing, and desegregating moves within assisted and insured programs.

Significant progress and investment has occurred on the above-noted points, particularly through investments in housing repair, rehabilitation, and homeownership programs (see CAPER Attachments). Substandard housing conditions have also been aggressively addressed in the City of Tucson through the Slum Abatement and Blight Enforcement Response (SABER) Program established in 1999. Between November 2001 and June 2003 seventy-one (71) properties were targeted with successful enforcement and/or remediation through this unique, inter-departmental initiative.

Beyond specific program investments and activities, notable public policy has been adopted to promote fair housing choice in Tucson/Pima County. The summarized components of the 2000 Action Plan and the associated points of progress are noted in the assessment of the 2000 Plan of Action as follows

Assessment of the results of the 2000 AI Plan of Action

Impediment	Action Plan	Results
<p>1. Steering (families being directed to specific neighborhoods)</p>	<p>a. Test real estate, lending, and insurance practices.</p> <p>b. Develop a proactive approach to preventing steering; pursue and implement corrective measures on every indication of steering.</p> <p>c. Conduct outreach and education on community impact of steering. Highlight advantages of a diverse and mixed income community; target outreach and education to neighborhoods, real estate, lending and insurance professionals.</p>	<p>a. Since 2000 SWFHC has conducted 180 sales tests, 16 lending tests and 90 insurance tests in Pima County (see table "Results of Testing" in AI narrative).</p> <p>b. In 2002 The Southwest Fair Housing Council received Arizona State Certification to conduct fair housing classes and provide CEU's for Real Estate Agents. Since that time SWFHC has conducted 5 CEU classes with 322 participants and two new Realtor orientations for the Tucson Association of Realtors (120 participants). See Attachment b.</p> <p>c. See 2a, 2b, 3a above and attachment b</p>
<p>2. Intolerance towards minorities and disabled</p>	<p>a. Conduct an education- and outreach-based campaign in partnership with local fair housing, legal aid, minority, and physically disabled private and public sector organizations.</p> <p>b. Launch a campaign, which encourages neighborhood-oriented multi-cultural activities/socials to allow discovery, understanding, and appreciation of cultural, individual, and physical diversities.</p>	<p>a. Since July 1999 SWFHC has provided fair housing trainings to over 1200 at 96 new homebuyer sessions (see Attachment b)</p> <p>b. SWFHC has coordinated Youth Fair Housing Poster Contests through the Udall Community Center, Drexel Elementary School, the Pima Youth partnership in Ajo and for three elementary schools serving Tohono O'Odham children.</p> <p>SWFHC has provided fair housing trainings to 67 neighborhood groups,</p>

		associations and trainings involving over 900 participants (see Attachment b)
3. Discrimination or lack of acceptance of neighborhood	<ul style="list-style-type: none"> a. Education and outreach on fair housing. b. Inclusive neighborhood-based planning. c. Launch a campaign, which encourages neighborhood-oriented multi-cultural activities/socials to allow discovery, understanding, and appreciation of cultural, individual, physical, familial status, and sexual orientation diversities. d. Continue to monitor racial/ethnic integration, including surveying renter and homeowners in areas of high racial/ethnic concentrations as to "why they choose, where they chose to live." e. Advocate for the elimination of all unlawful exclusionary language in CC&R's; while discriminatory exclusionary clause are unenforceable, their presence in legal documents impede fair housing choice. f. Obtain substantial equivalency status from HUD. While this may require a re-visitation of the City of Tucson's Anti-Discrimination ordinance, obtaining substantial equivalency will provide the City with the precedents of law and federal dollars to effectively enforce the fair housing laws. 	<ul style="list-style-type: none"> a. SWFHC has completed 136 fair housing workshops for 2,049 local housing providers, including those involved in sales and rentals. (See Attachment b) <p>SWFHC provided 46 fair housing workshops for 898 staff at local agencies/programs. These include COPE, Primavera, CPLC staff, Habitat for Humanity, New Beginnings, Crime-Free Multi-housing program, DDD Vocational Rehab, TUSD Special Ed. Tucson Indian Center, Travelers Aid, City and county Community Services, PHA, Section 8 staff and Section 8 landlords. (See Attachment b)</p> <p>SWFHC provided fair housing workshops for staff of local businesses, including: KB Homes, Lawyer's Title, CAVCO Homes, SPM Property Management, Equity IV Properties, Cadden Property Management, Paul Ash Management, and J.C. Henry Property Management. (See Attachment b)</p> <ul style="list-style-type: none"> b. See neighborhood meetings, 2b above. c. Both City and County fund CDBG programs to address this (see CAPERs) d. The Community Survey was revised to give it a fair housing focus. This particular question was not asked.

		<ul style="list-style-type: none"> e. SWFHC and other organizations worked with a community resident whose deed had an exclusionary clause to get a revision of the State Law in 2001 to eliminate unlawful CC&R's when deed transfers. This resident was honored by SWFHC with an award at a Fair Housing celebration in April 2002. f. SWFHC explored this in 2002 and determined that given the myriad of problems and costs to put a substantially equivalent ordinance in place and enforce it, it was neither politically feasible nor cost effective given the protection already offered by laws on the State (which is substantially equivalent) and Federal levels.
<p>4. Mortgage, insurance red lining and discrimination</p>	<ul style="list-style-type: none"> b. Educate the public of its mortgage and insurance rights and laws. c. Establish a proactive and visible monitoring and review of insurance and mortgage provider's practices; audit performance reports on fair housing compliance; pursue violators. d. Encourage banks to publicize branch banking and community lending activities to demonstrate levels of minority and low to moderate income lending performance and demonstrate levels of investments in those communities. e. Encourage lenders to demonstrate and be 	<ul style="list-style-type: none"> a. SWFHC presented two fair housing/fair lending workshops at the Association of Professional Mortgage Women's annual conference in Tucson; presented a session on fair lending (in collaboration with the Attorney General's Office) at the Affordable Housing Conference in Tucson in 2004. established the Fair Lending Coalition (13 organizational members); developed, adapted, and disseminated fair lending materials. Over 6,500 pieces of material were distributed at trainings, forums, conferences, meetings and community events. b. Funded by Pima County,

	<p>inclusive in its marketing of all loan products to minority populations.</p>	<p>SWFHC completed a report in 2004 titled "The American Dream Lost: Foreclosures in Pima County" (See Section IV in this report).</p> <p>SWFHC has conducted 34 Mortgage lending tests in Pima County since 2001. Sixteen (16) or 47% of these tests indicated at least one violation of the Federal Fair Housing Act.</p> <p>Since 1999 SWFHC has conducted 90 Insurance tests in Pima County. Redlining (less favorable terms in Hispanic neighborhoods) was indicated in 50 or 56% of these tests. See Appendix B.</p> <p>c. The Southwest Center for Economic Integrity completed a report in 2003 that was funded by Pima County and sponsored by SWFHC on the growth and impact of the Payday loan industry in Pima County.</p> <p>d. See a. above.</p>
--	---	--

<p>5. Inadequate Infrastructure</p>	<ul style="list-style-type: none"> d. Targeted neighborhood improvement. e. Neighborhood-based structural upgrades. f. Proactive housing code enforcement. 	<p>a. In conjunction with Pro Neighborhoods, Dakota Builders, PCOA and Direct, SWFHC has developed and co-presented 5 Aging-in-Place workshops designed to keep seniors safely and comfortably in their homes.</p> <p>Ongoing investments by County and City and CDBG Back to Basic's program. For details and additional programs addressing this impediment see City and County CAPERs.</p> <p>b. Passage of \$20 Million Pima County Neighborhood Revitalization bond May 2004.</p> <p>c. Passage of City of Tucson Neighborhood Preservation Ordinance.</p>
<p>6. Unaffordable housing</p>	<ul style="list-style-type: none"> c. Development of economic opportunities. d. Increase the number of affordable housing stock, specifically for cost-burdened families and individuals. e. Maintain and expand homebuyers/renters assistance, funding/program capacity. 	<p>a. As reported in the CAPERs since 2000 the City of Tucson and Pima County has provided a total of \$228,816,000 in state, local and private money to leverage federal funds for affordable housing and community/neighborhood development projects.</p> <p>b. Establishment of a Housing Trust Fund by Pima County Board of Supervisors, November 2004.</p> <p>Passage of \$10 Million Pima County Affordable Housing Bond in May 2004.</p> <p>SWFHC made a fair housing presentation at the November 2001 <i>Low Income Tax credit Conference</i>, integrated affordable housing as a module in the State-approved curriculum for CEU classes and participates as a member of the Professional Advisory Committee for the U of A School of Architecture's COPC grant regarding housing development in Empowerment Zones.</p> <p>As a Board member of the Tucson Housing Foundation SWFHC assisted in the development of</p>

		<p>funding for NBA Estes Gardens an affordable 57 unit apartment complex for older adults and funded by HUD. The opening and dedication was in December 2004.</p>
<p>7. Lack of employment opportunities with sustainable wage</p>	<p>a. Develop incentives for businesses to create and make available job opportunities that are permanent and with sustainable wages.</p> <p>b. Develop a NOFA for Community Based Organizations to propose economic development plans targeted to neighborhoods that are at or below poverty level.</p>	<p>a. The City of Tucson passed a Living Wage Ordinance in 1999 and Pima County followed in 2002.</p> <p>The City of Tucson, the City of South Tucson and Pima County collaborated in 2002 to obtain Empowerment Zone status from HUD. Over 52,000 residents and 5,000 residents are located in the Zone.</p> <p>Both the City of Tucson and Pima County addressed this plan by funding organizations in this area through CDBG. See CAPERS</p>
<p>8. Lack of housing accessibility, appropriate design and equipment upgrades for individuals and families with special needs.</p>	<p>a. Maintain and expand retrofit funding/program capacity; explore and implement appropriate design and equipment upgrades to accommodate a whole spectrum of individuals with special needs.</p> <p>b. Work closely with the Housing for the Elderly and Disabled Commission, to address accessibility issues in the community.</p> <p>c. Conduct an education forum on housing accessibility for non- and for-profit housing developers.</p> <p>d. Advocate for adequate size housing and an increase in housing stock, which accommodate large families.</p>	<p>a. Two agencies receiving funds from the City of Tucson and Pima County have developed programs to fund modifications to units to make them accessible for persons with disabilities. These are Direct, Center for Independent Living and Section 8 Subsidized Housing. Over the last 2 years SWFHC has initiated a policy, in collaboration with the Attorney General's Office, of including in the settlements of accessibility complaints filed by SWFHC contributions to these funds.</p> <p>c. In conjunction with Dakota Builders, SWFHC presented an accessibility and design workshop for the November 2001 Conference of Municipal Building Officials held in Tucson.</p> <p>The City of Tucson has included an accessibility workshop in 2003 and 2004 Affordable Housing Conferences.</p> <p>Note: Pima County adopted a landmark "Visitability" Ordinance in 2002. The Ordinance was one the first of it kind, enacted by a County Government, in the Nation.</p>

<p>9. State Law Occupancy - - a barrier to large families.</p>	<ul style="list-style-type: none"> a. Design housing and increase housing stock and other assistive programs specifically for large families. b. Encourage advocacy at the State level to amend existing occupancy law to accommodate occupancy needs of large families. c. Advocate for the elimination of the Non-disclosure clause contained in the State of Arizona's Fair Housing Statute. 	<ul style="list-style-type: none"> a. No Action taken b. Several organizations continue to advocate for an amended occupancy law, however a collaborative effort has not been launched. c. SWFHC successfully collaborated with other organizations to advocate against the non-disclosure clause in the State of Arizona's Fair Housing Statute. In 2003 the State Attorney General's Office stopped enforcing the clause. Conciliation agreements presently read as follows: "This Agreement may be made public unless Complainant and Respondents otherwise agree and the Attorney General determines that disclosure is not required to further the purposes of the Arizona Fair Housing Act."
--	--	---

VI CONCLUSIONS AND RECOMMENDATIONS

AI 2005 Findings and Plan of Action:

The 2005 Plan of Action seeks to reduce the rhetoric often used in action plans. For example, to state that Fair Housing staff and advocates will, achieve the "development of economic opportunities" or "increase the number of affordable housing stock" sounds good but is neither appropriate to an AI nor feasible for fair housing personnel. The Identification of Impediments and Plan of Action for 2005 are more focused on Fair Housing than in 2000. Thus the 2005 Plan of Action is concerned with ways to facilitate better communication between fair housing and planning for (for example) economic development, transportation, affordable housing, etc. The 2005 Plan of Action seeks to provide for more input of fair housing information into the planning process and in turn a better understanding of the impact on these programs on fair housing choice. It is this information that can then be reported and acted upon in revisions in the Plan of Action.

The following are the impediments that were identified in the 2005 AI process and the Plan of Action to address these.

2005 Plan of Action

Impediment	Action Plan
<p>1. Illegal Housing Discrimination in the following areas:</p> <ul style="list-style-type: none"> f. Home Sales g. Apartment and Housing Rental h. Home Lending Including Mortgage lending, Rehab and Home Equity loans. i. Home Insurance j. Persons with Disabilities including Accessibility in design and construction. 	<p>a. The City and County will pursue continued support of enforcement programs that are broad based (service all areas of FHA) and 1) Intake, investigate and process complaints, including filing with HUD and the AG. 2) Assist complainants to remedy damages through conciliation or litigation. 3) Conduct testing to monitor the compliance of housing providers with all fair housing laws. 4) Release and publicize awards and settlements in fair housing cases to encourage compliance. 5) Monitor and review housing industry advertising</p>
<p>2. A lack of knowledge and understanding of the rights and responsibilities afforded under fair housing laws along with a need for a better understanding and appreciation of why and how diversity in neighborhoods contribute to better communities.</p>	<ul style="list-style-type: none"> a. Informational presentations and trainings will be provided to <u>housing consumers</u> (including home buyers, renters, home loan and insurance seekers and persons with disabilities) to educate them in fair housing rights, how to identify housing discrimination and where to go for help if housing discrimination is encountered. b. Informational presentations and trainings will be provided to <u>housing providers</u> (including real estate agents, property managers, landlords, property owners, lenders, insurance agents, Architects, contractors and builders) regarding their responsibilities under fair housing laws, and what they need to do to comply. c. A wide range of informational fair housing pamphlets and literature will be produced and made available through City and County program offices; organizations and businesses throughout the County; at a wide variety of distribution points in the community, such as libraries and churches; and at public and private events, trainings, forums, meetings and conferences. Records will be kept of the type of literature, the location of distribution and the approximate number distributed. d. Fair housing events and presentations at other community events and conferences will be conducted to build a greater awareness of fair housing and appreciation of diversity. These will include housing fairs, fair housing month celebrations in April, a workshop at the Affordable Housing Conference, poster contests for youth, and neighborhood, church, ethnic and organizational events such as Juneteenth Day, Cinco de Mayo, CDBG events and the Dr. Martin Luther King Day Celebration.

	e. A community survey similar to the survey contained in this report will be annually conducted to monitor changes in fair housing concerns and knowledge.
--	--

Impediment	Action Plan
<p>3. Continuing problems with accessibility for persons with disabilities including the following:</p> <ul style="list-style-type: none"> e. Lack of accessibility in rental housing, f. Lack of accessible designs in new single family housing, g. Resistance on the part of the housing industry to mandated accessible visitability. h. A shortage of funding for modifications to improve accessibility in older housing units. 	<ul style="list-style-type: none"> a. Testing as well as education and outreach for accessibility will be conducted (see Action Plan for Impediment 1 & 2). b. Trainings for property owners, builders and contractors regarding their responsibilities to meet FHA accessibility requirements independent of local building codes will be conducted. c. The City and County will train inspectors to increase the focus on accessibility requirements. d. SWFHC will engage builders who are building accessibility into their homes to collaborate with fair housing staff to conduct trainings and workshops regarding the increased marketability of building accessible homes with construction companies that are producing accessible homes. e. SWFHC will collaborate with the Attorney General's Office to formalize a strategy to include contributions to modification programs as part of conciliation agreements and settlements by Respondents in cases where they have violated the accessibility requirements of FHA
<p>4. The prevalence of predatory, abusive and unethical lending practices in Pima County as well as the disparate provision of services by lenders to minority residents, neighborhoods and communities.</p>	<ul style="list-style-type: none"> a. The Fair Housing Coalition – a consortium of 11 organizations will work with the AG's Office to attain passage by the State Legislature of an effective anti-predatory lending Statute b. Pima County and the City of Tucson will pursue the investigation, analysis and reporting on predatory and abusive lending practices in Pima County. This will include continued monitoring of foreclosures and a study of abuses regarding Contracts for Deed. The investigation of Contracts for Deed will include a feasibility analysis of drafting and passing a countywide ordinance regulating Contracts for Deed. c. SWFHC will monitor annual HMDA data and evaluate and report on the results. The information will be made available through reports at forums and conferences and press releases.

Impediment	Action Plan
<p>5. Need for better communication and coordination between City and County Planning and Fair Housing personnel. Greater input by Fair Housing personnel is needed in the Planning Process as well as assessment, recommendations, information gathering and reporting. This includes planning in the following areas:</p> <ul style="list-style-type: none"> k. Transportation l. Affordable Housing m. Economic Development n. Sub Standard Housing o. Community, Neighborhood Development and Preservation p. Zoning q. Building Codes r. Inadequate Infrastructure s. Employment and the Living Wage Issue t. Deeds and Records 	<ul style="list-style-type: none"> a. The City, County and organizations interested in fair housing will seek to develop a plan to improve communication and allow for greater participation and input into the planning processes identified in Impediment #4. This plan will also allow for greater information gathering and reporting on the impact of specific public policies on fair housing choice in Pima County.
<p>6. The need for more fair housing training and better communication between fair housing staff and personnel conducting and participating in community programs.</p>	<ul style="list-style-type: none"> a. SWFHC will develop and implement a fair housing training schedule for the staff of public and private organizations and agencies involved in housing in Pima County. b. SWFHC will continue to work with Section 8 to train staff, review policies and conduct hearings.
<p>7 The need for more Fair Housing services in underserved areas of the County including Colonias.</p>	<ul style="list-style-type: none"> a. SWFHC will conduct a program funded by HUD to increase fair housing services to Colonias, including those in Pima County. b. SWFHC will collaborate with Pima County to establish a walk-in housing clinic in the Old Nogales Hwy. Colonia outside of Tucson.

VII Signature Page