CITY OF NORTH LITTLE ROCK

ARKANSAS

ANALYSIS OF IMPEDIMENTS

TO FAIR HOUSING CHOICE

February 2016

EQUAL HOUSING OPPORTUNITY

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ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

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Introduction and Acknowledgements

Introduction

This report provides an Analysis of Impediments to Fair Housing Choice (AI), commissioned by City of North Little Rock, Arkansas. This AI was conducted using a methodology consistent with the U.S. Department of Housing and Urban Development (HUD) guidelines published in the Fair Housing Planning Guide. HUD requires that each jurisdiction receiving federal funds certify that it is affirmatively furthering fair housing. The certification specifically requires jurisdictions to do the following:

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

Lead and Participating Agencies

The City of North Little Rock Community Development Agency served as lead agency for the development of the AI and was responsible for oversight and coordination of the process. City of North Little Rock retained J-Quad Planning Group, LLC, a Community Development, Urban Planning and Housing Consulting firm to assist in the preparation of the AI.

Acknowledgements

Data collected in preparing the AI relied in part on input from the public, including information gathered from a public engagement focus group session, key person interviews, and data provided by City Departments. We also acknowledge the participation of the City government officials, non-profits, social service agencies, businesses, home builders, mortgage lenders, fair housing organizations, real estate professionals, advocacy groups and the general public.

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Executive Summary

Introduction

In 1995 the U.S. Department of Housing and Urban Development (HUD) announced that entitlement communities - communities receiving direct federal funding from Community Development Block Grant, HOME Investment Partnership and Emergency Solutions Grant programs – must conduct a study of existing barriers to housing choice. This required study is referred to as the "Analysis of Impediments" (AI) and is part of entitlement communities' consolidated planning process. In 2014 HUD published draft regulations of the "Assessment of Fair Housing" (AFH) with proposed changes to the 1995 AI requirements. These new regulations are effective for AFH November 2016.

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

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

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

Evaluating fair housing is a complex process involving diverse and wide-ranging considerations. The role of economics, housing markets, and personal choice are important to consider when examining fair housing. Any disproportionate impacts on persons of a particular race, ethnicity, or members of the protected classes under fair housing law have been comparatively analyzed to determine to what extent those disparities are limiting fair housing choice. A major impediment is that the limited amount of entitlement funding received makes it difficult for the City to have measurable impact on removing or lessening the impact of some fair housing impediments. City and other non-federal entitlement resources and private sector support will be necessary in order to address some of the impediments. Despite limited funds, the City's efforts will continue to improve and maintain stability, and strengthen its' older housing stock with focus in CDBG eligible areas.

The AI methodology included community engagement interviews and focus group sessions; the construction of a community profile, fair housing index, analysis of the Home Mortgage Disclosure Act (HMDA) data; and a fair housing law and public policy analysis including national landmark court litigation, local legislation, development policies and regulations, fair housing complaints and a review of entitlement grant programs. Remedial actions detailed in this report represent recommendations by the consultant to the City for addressing impediments based on experience and best practices used in other jurisdictions. The City is not obligated to implement the consultant's recommendations and may choose other options to address the impediment based on their evaluation. Some remedial actions are conceptual frameworks for addressing the impediments and will require further research, feasibility and cost analysis, and final program design by the City if they choose to implement them. The following narrative provides a summary of each section of the report.

Community Profiles

Demographics - The demographic analysis of North Little Rock concentrates on the magnitude and composition of the population and changes that occurred between 2000 and 2010 according to the 2010 Census and the American Community Survey (ACS) five year average for 2009 - 2013. Please note that the maps present data by census tract with an overlay of City boundaries. Comparative analysis of the demographic factors and any disparities for persons of a particular race, ethnicity, or members of the protected classes has been incorporated in developing the Community Profile, Fair Housing Index and HMDA Analysis.

Population continues to experience growth and diversity. According to the 2009-2013 ACS estimates, the total population of North Little Rock was 63,723. Table 1.1 in the Community Profile Section shows that the total population of the city increased by 3,290 or 5.4 percent between 2000 and 2013. North Little Rock experienced a significant increase in the Hispanic population, increasing 207.9 percent between 2000 and 2013. The percentage of Hispanic population when compared to the total population increased from 2.4 percent in 2000 to 7.1 percent in 2013. The White population decreased by 5.3 percent, and their percentage of the total population decreased from 62.6 percent to 56.2 percent between 2000 and 2013. African-Americans made up 40.4 percent of the population in 2013, a 25.4 percent increase over the 13 year period

Households - The percentage of female-headed households with children in North Little Rock, as determined by the ACS 2009 – 2013, 5 year average, was disproportionately higher among African-Americans at 23.6 percent. Comparatively, female-headed households with children among Whites were 5.5 percent and 7.0 percent for Hispanics. When considering all family types with children present, the data show that 21.2 percent of all Whites, 35.7 percent of all African-Americans, and 50.0 percent of all Hispanics, in the city were in either a Married-couple family type with children category, Male householder family type with children category, or Female-Headed family type with children.

Employment data reports opportunities in the employment sectors, unemployment rates, and educational attainment and educational levels of the employees. These factors impact wage earnings, and income, as well as, housing affordability and the location choice of residents. Table 1.5, of the Community Profile, provides an overview of occupation data, which indicate that there has been some shift in the distribution of occupations between 2000 and 2013. Educational and Health services had an increase, up 7.0 percentage points to 27.6 percent. Professional, Business, Repair, and Personal Services and Other Professional and Related Service sectors had the second largest increase, up 2.5 percentage points to 7.6 and 10.7 percent respectively. Finance, Insurance, and Real Estate realized the largest reduction of 2.5 percentage points to 2.5 percent of the workforce. There was a reduction of 2.3 percentage points in Transportation, Communications, and other public utilities, to 5.3 percent of the total workforce. Manufacturing and Public Administration sectors had a decrease of 2.1 percentage points leading to 6.2 and 4.8 percent of the total workforce respectively.

The **Unemployment** data presented in Table 1.6 of the Community Profile provides a portrait of the distribution of the unemployed. Higher levels of unemployment are centered in the African-American community. Between 2009 and 2013, 5.5 percent of White persons (age 16 and over) reported being unemployed. African-American persons in the same age group reported a 15.5 percent unemployment rate, and Hispanics reported a 7.0 percent rate. As a comparison, the citywide unemployment rate was 9.4 percent. According to the Bureau of Labor Statistics, the overall unemployment rate for the North Little Rock Area has improved since 2013 with unemployment at 6.0 percent for the year 2014.

Major Employers - According to the 2014 largest employer data provided by the North Little Rock Chamber of Commerce, the largest employers in the city include Union Pacific rail Road with between 2,000 and 2,499 employees and North Little Rock School District between 1,000 and 1,249 workers. The Heritage Company and Maverick USA, Inc. employ between 1,000 and 1,249 workers.

The **Income** data in Table 1.3 and Chart 1.1, as reported in the Community Profile, shows the distribution of income across income classes among Whites, Hispanics, and African-Americans disparately impacting minority and low-income households. The cost of housing compared to the incomes of households reveals that incomes are not keeping pace with the market cost of housing.

The median housing value in the city was $118,200 and the median contract rent was $586 between 2009 and 2013. The average income required to qualify for a mortgage based on the median home value of $118,200 for the City is approximately $30,000 to $45,000 in household income and the average income to qualify for a contract rent of $586 is $25,000 to $30,000. According to the 2009 - 2013 ACS estimates (5-Year average), approximately 47.5 percent of African Americans, 24.5 percent of Hispanics, and 20.9 percent of Whites earn annual household incomes of less than $25,000, making housing affordability a concern for large segments of the City's population.

Paying more than 30 percent on housing expenses is considered "Cost Burdened" and paying more than 50 percent on housing expenses is considered "Severely Cost Burdened". Citywide, 64.5 percent of the renter households that earned between $20,000 to $34,999 and 23.2 percent of the renter households that earned between $35,000 to $49,999 spent more than 30 percent of their household income towards rent during the five-year period of 2009 - 2013. Cost burden among homeowners is highest for persons earning less than 30 percent of median income as would be expected. However, the income data also shows 22.2 percent of owner households were 30 percent or more cost burden and 7.6 percent of the owner households were 50 percent or more cost burden during the same period.

Poverty data shown in Table 1.4 of the Community Profile reveals disparate impacts on African Americans. The incidence of poverty among African-Americans was 32.7 percent of the total population between 2009 and 2013, and Hispanics was reported to be 35.1 percent. Among White persons, the data reported 10.5 percent lived in poverty. In comparison, the poverty rate for the city was 21.9 percent during the period.

Public Transportation and Mobility is primarily provided by Metro which provides public transportation services to the Little Rock metro area seven days a week with fixed route and paratransit operations, and a downtown historic streetcar system. Metro provides bus service in Little Rock, North Little Rock, Maumelle, Jacksonville, Sherwood, and in unincorporated areas of Pulaski County on 22 fixed routes and 4 express routes using 59 buses.

Housing for City of North Little Rock was analyzed based on data provided in the 2010 U.S. Census and 2009 - 2013 ACS estimates (5-year average). According to the 2009-2013 ACS data, the total number of housing units in the city was 29,946 including 4,174 vacant units. There were 27,585 housing units in North Little Rock in 2000. The total number of housing units in the city increased 8.6 percent between 2000 and 2013. Out of the total number of housing units in the city of 29,946 between 2009 and 2013, 46.3 percent were owner-occupied, 39.8 percent were renter-occupied, and the remaining 13.9 percent were vacant. The median housing value in the city was $118,200 and the median contract rent was $586 between 2009 and 2013.

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

The analysis of the City of North Little Rock Fair Housing Ordinance reveals that local fair housing regulations are not deemed substantially equivalent to that of the Federal Fair Housing Act. The primary distinction is that local ordinances do not provide for local enforcement.

Complaint Data - Fair housing complaint information was received from the U.S. Department of Housing and Urban Development and provides a breakdown of complaints filed for North Little Rock from August 1, 2010 through August 31, 2015. The complaints filed with HUD are received from the Fair Housing and Equal Opportunity (FHEO) Division of the Fort Worth Regional Office. A total of 75 complaints were filed according to one or more of seven bases, including: national origin, color, religion, familial status, handicap, sex, and race.

Of the 75 complaints, 37 cases were closed with a no cause determination, meaning that justification for the complaint was not applicable to the Fair Housing Act and 2 cases closed with cause. There were 12 cases dismissed due to Administrative Closure. There were 9 cases closed due to conciliation, 9 cases withdrawn with no action taken, and 6 cases remained open. Table 2.5.2 shows case closure by year.

Entitlement Funding - An assessment of characteristics affecting housing production, availability, and affordability in North Little Rock and utilization of Federal Entitlement Grant funding was conducted. This included an assessment of the adequacy and effectiveness of programs designed and implemented utilizing CDBG Entitlement; the programs' ability to reach their target markets; and how effectively efforts were in identifying and serving those who have the greatest need. The City of North Little Rock's Consolidated Plan, Annual Action Plan, Consolidated Annual Performance Evaluation Report, and other documentation were utilized and our determination is that resources have been used to address fair housing impediments identified prior to 2015.

Development Regulations for City of North Little Rock were reviewed to determine whether or not they revealed any barriers to affordable housing or impediment to fair housing choice. City of North Little Rock's land development codes and zoning regulations address affordable housing and the provision of making allowances through the code to allow the construction of a variety of types of housing including single family and multifamily housing.

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

Community Engagement and Focus Groups, Fair Housing Index, Home Mortgage Disclosure Act Analysis

Fair housing choice within the City of North Little Rock encounters a number of impediments, as identified through community engagement process, and the construction of a fair housing index and analysis of the Home Mortgage Disclosure Act (HMDA) data for North Little Rock.

Community Engagement - The City of North Little Rock, Arkansas followed its designated Community Participation Plan outlined in the 2015 Annual Plan in soliciting public input for developing the 2015 Analysis of Impediments to Fair Housing Choice. City of North Little Rock Community Development Department served as lead agency for the development of the Analysis of Impediments. A Public Forum and Stakeholder Focus Group session was held on August 27th, at the City of North Little Rock City Hall, 300 Main Street.

Home Mortgage Disclosure Act Analysis (HMDA) - A lack of financial literacy and credit are limitations faced by many in acquiring housing of their choice. The analysis of HMDA data and the reported reasons for denial of loans showed that the majority related to the applicants' credit history or their debt-to-income ratio. In North Little Rock, about 3,800 (69%) denials were related to the applicants' credit history in the six years of the study. Approximately 1,100 (20%) denials were related to the applicants' debt-to-income ratio and over 600 (10%) denials were due to inadequate collateral in those same years.

The **Fair Housing Index** is an analytical technique used to identify census tracts where the sum impact of certain demographic variables and their disparate impacts on protected class members and persons based on their race or ethnicity is adversely affecting a residents' fair housing choices and likely contributing to problems of housing discrimination and issues relative to housing quality and affordability. Areas where minorities and lower income households are most likely to find housing affordable are in older neighborhoods with older housing stock, and some that are minority and low

income concentrated census tracts. The demographic characteristics of these areas are disparately impacting their ability to acquire housing of their choice. As indicated on Map 5.1, the census tracts designated as having High to Moderate Risk are concentrated in the central census tracts of North Little Rock.

Impediments to Fair Housing Choice

Impediments to fair housing choice are detailed in Section 6 of this report. This section draws on the information collected and analyzed in previous sections to provide a detailed analysis of fair housing impediments in North Little Rock. Five major categories of impediments were analyzed: Real Estate Impediments; Public Policy Impediments; Neighborhood Conditions as Impediments; Banking, Finance, and Insurance Related Impediments; and Socioeconomic Impediments. For each impediment identified, issues and impacts are detailed. Remedial actions are recommended to address each impediment. Some of the remedial actions recommended in this section are conceptual frameworks for addressing impediments. These actions will require further research, analysis, and final program design by City of North Little Rock for implementation.

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

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

Section 1: Community Profile

Introduction

The Community Profile is a review of demographic, income, employment, and housing data of North Little Rock, Arkansas, gathered from the 2010 Census estimates, 2009-2013 ACS 5-Year Estimates, 2000 U.S. Census, City of North Little Rock, and other sources. The following sections provide a look at the current status of the community in North Little Rock:

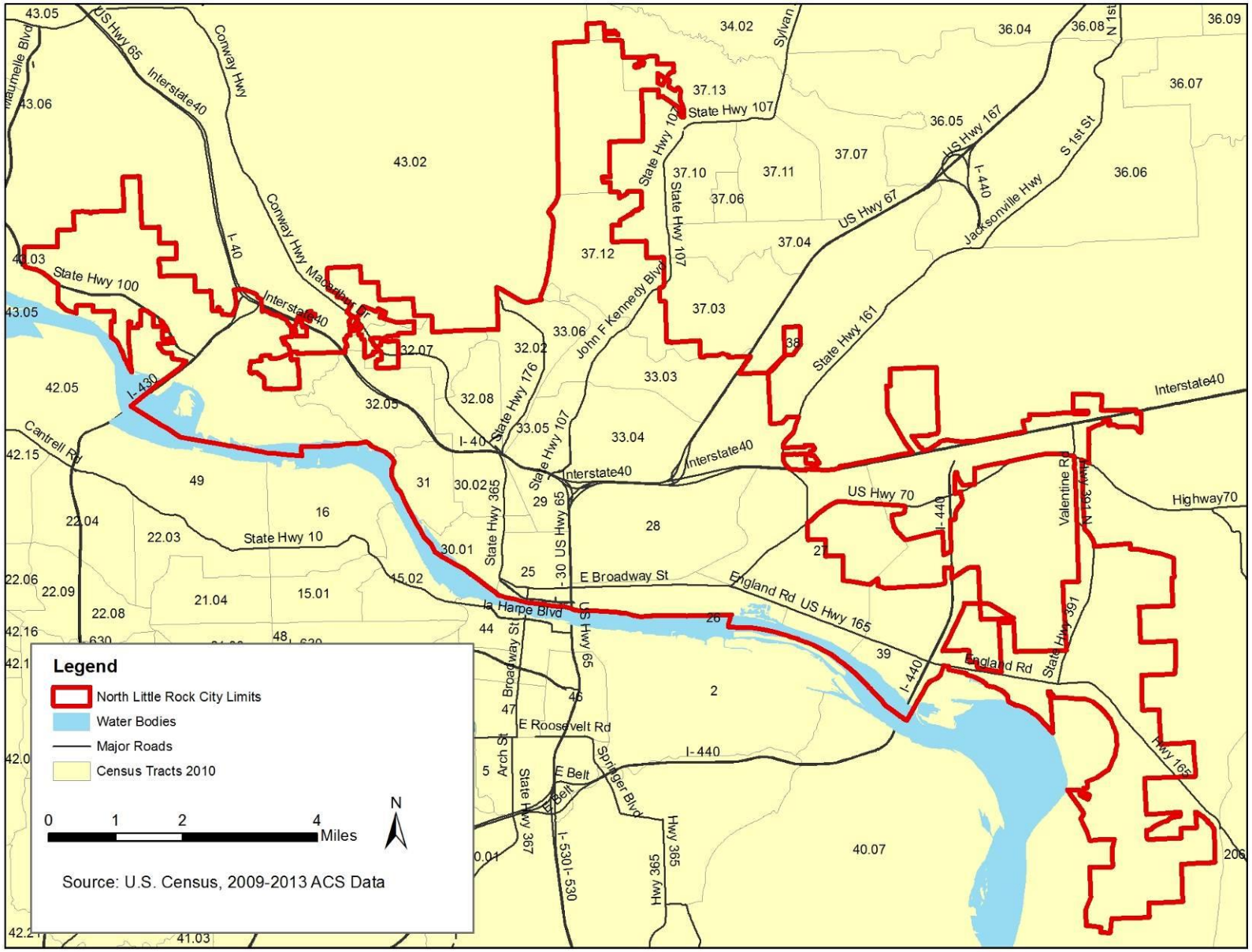
- Demographics - looks at the basic structure of the community in terms of racial diversity, population growth, and family structure.
- Income - analyzes income sources, the distribution of income across income class, and poverty.
- Employment - examines unemployment rates, occupation trends, and major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

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

1.1. Demographics

The demographic analysis of North Little Rock concentrates on the magnitude and composition of the population and changes that occurred between 2000 and 2013. Please note that the attached maps present data by census tract with an overlay of the city limits. For reference, Map 1.1, on the following page, provides a visual representation of North Little Rock.

Map 1.1: North Little Rock, Arkansas



According to the 2009-2013 ACS estimates, the total population of North Little Rock was 63,723. Table 1.1, below, shows that the total population of the city increased by 3,290 or 5.4 percent between 2000 and 2013. North Little Rock experienced a significant increase in the Hispanic population, increasing 207.9 percent between 2000 and 2013. The percentage of Hispanic population when compared to the total population increased from 2.4 percent in 2000 to 7.1 percent in 2013.

The White population decreased by 5.3 percent, and their percentage of the total population decreased from 62.6 percent to 56.2 percent between 2000 and 2013. African-Americans made up 40.4 percent of the population in 2013, a 25.4 percent increase over the 13 year period.

Table 1.1
Total population by race and ethnicity for North Little Rock, 2000 and 2013

Race	2000		2009-2013 (Average)		%Change 2000-2013
	#	%	#	%	
White	37,801	62.6%	35,793	56.2%	-5.3%
African-American	20,535	34.0%	25,742	40.4%	25.4%
Asian or Pacific Islander	376	0.6%	443	0.7%	17.8%
American Indian and Eskimo	249	0.4%	114	0.2%	-54.2%
Other race	1,472	2.4%	1,631	2.6%	10.8%
Total	60,433	100.0%	63,723	100.0%	5.4%
Hispanic (ethnicity)	1,463	2.4%	4,504	7.1%	207.9%

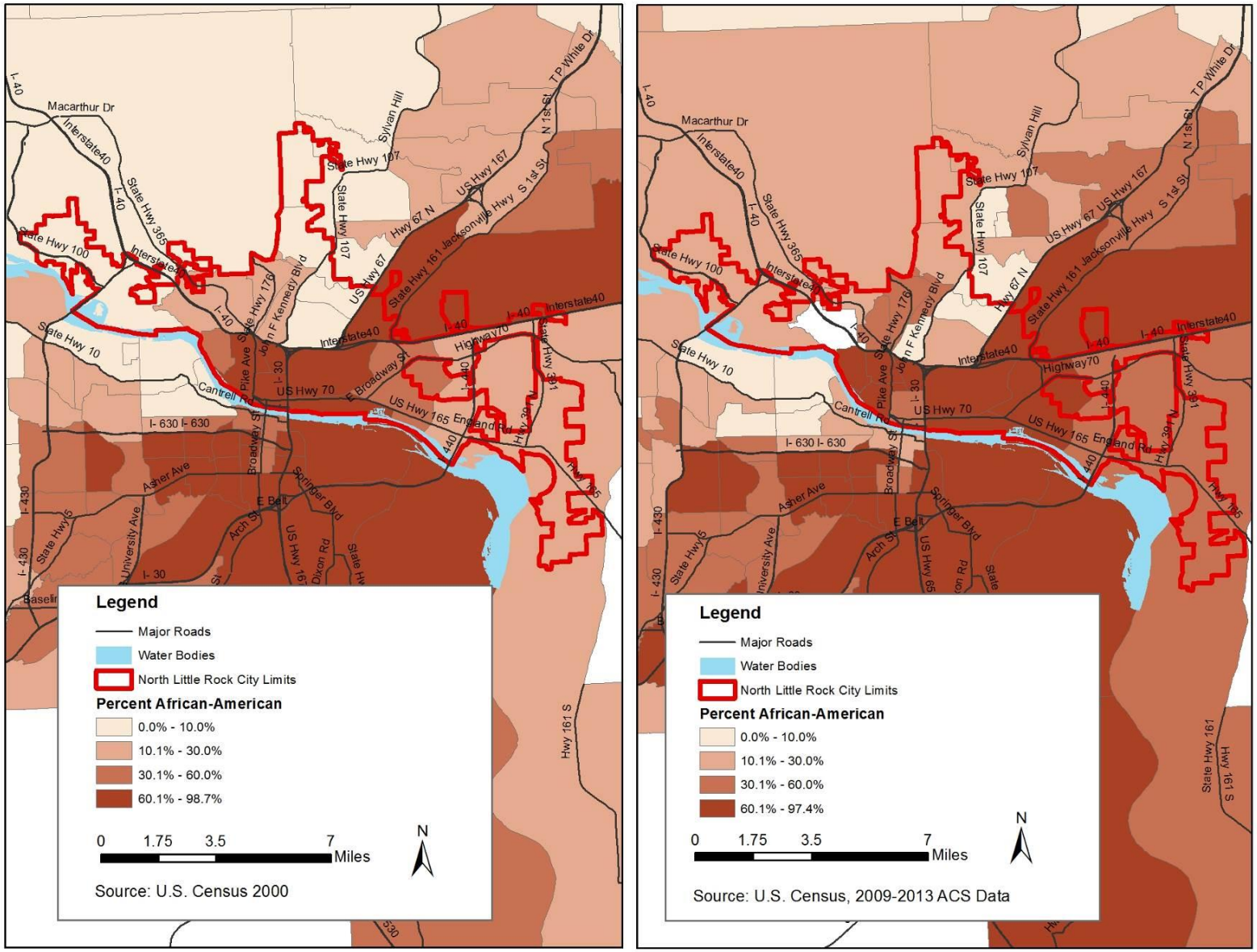
Source: US Census

North Little Rock's population increased 5.4 percent between 2000 and 2013. The percentage of minorities increased from 37.4 percent in 2000 to 43.8 percent in 2013.

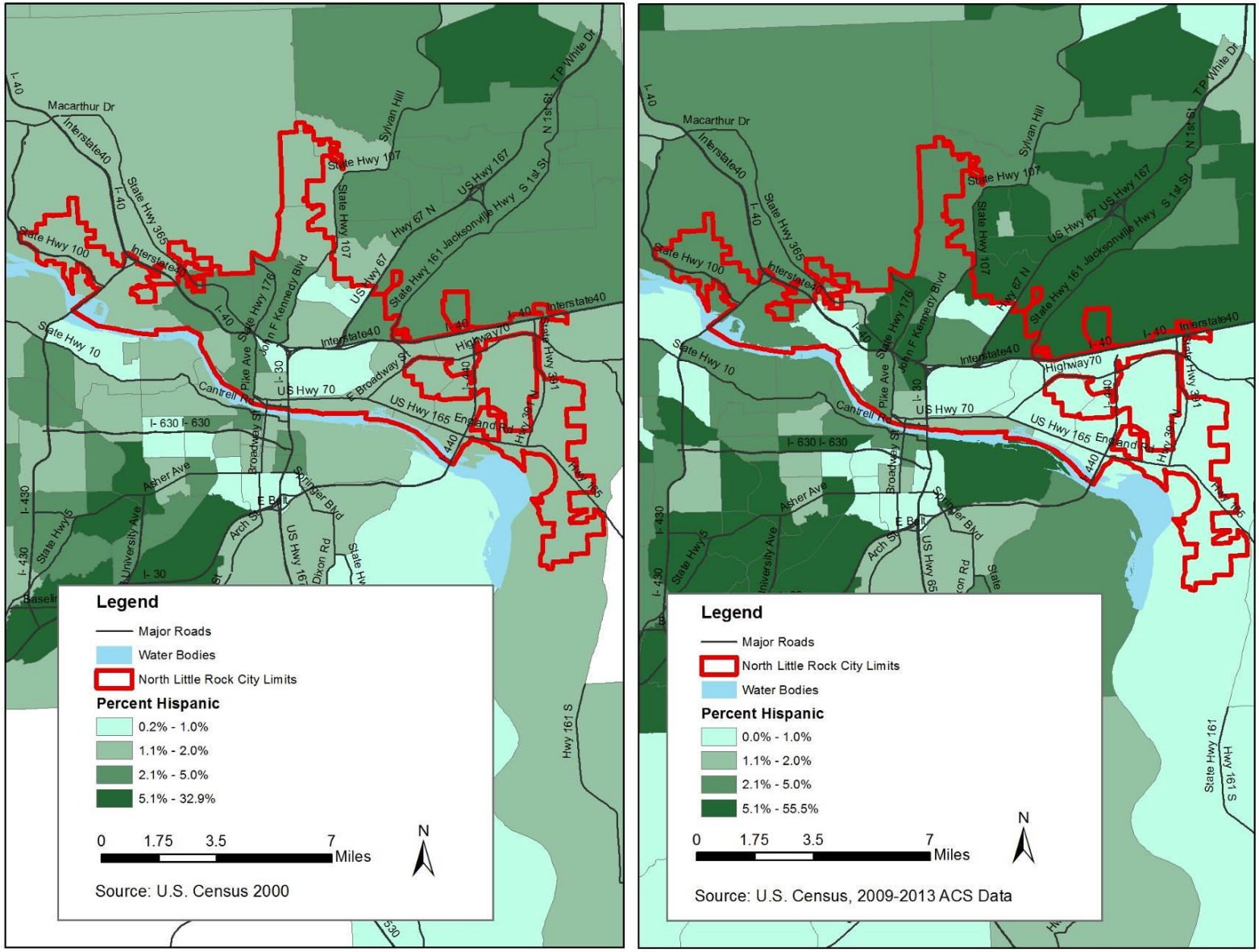
The Asian and Pacific Islander population increased by 17.8 percent and the American Indian and Eskimo population decreased by 54.2 percent between 2000 and 2013, and constituted 0.7 and 0.2 percent respectively, of the total population of the city in 2013.

On the following pages are a series of Maps 1.2 through 1.5 illustrating spatial concentrations of the various racial and ethnic groups within North Little Rock.

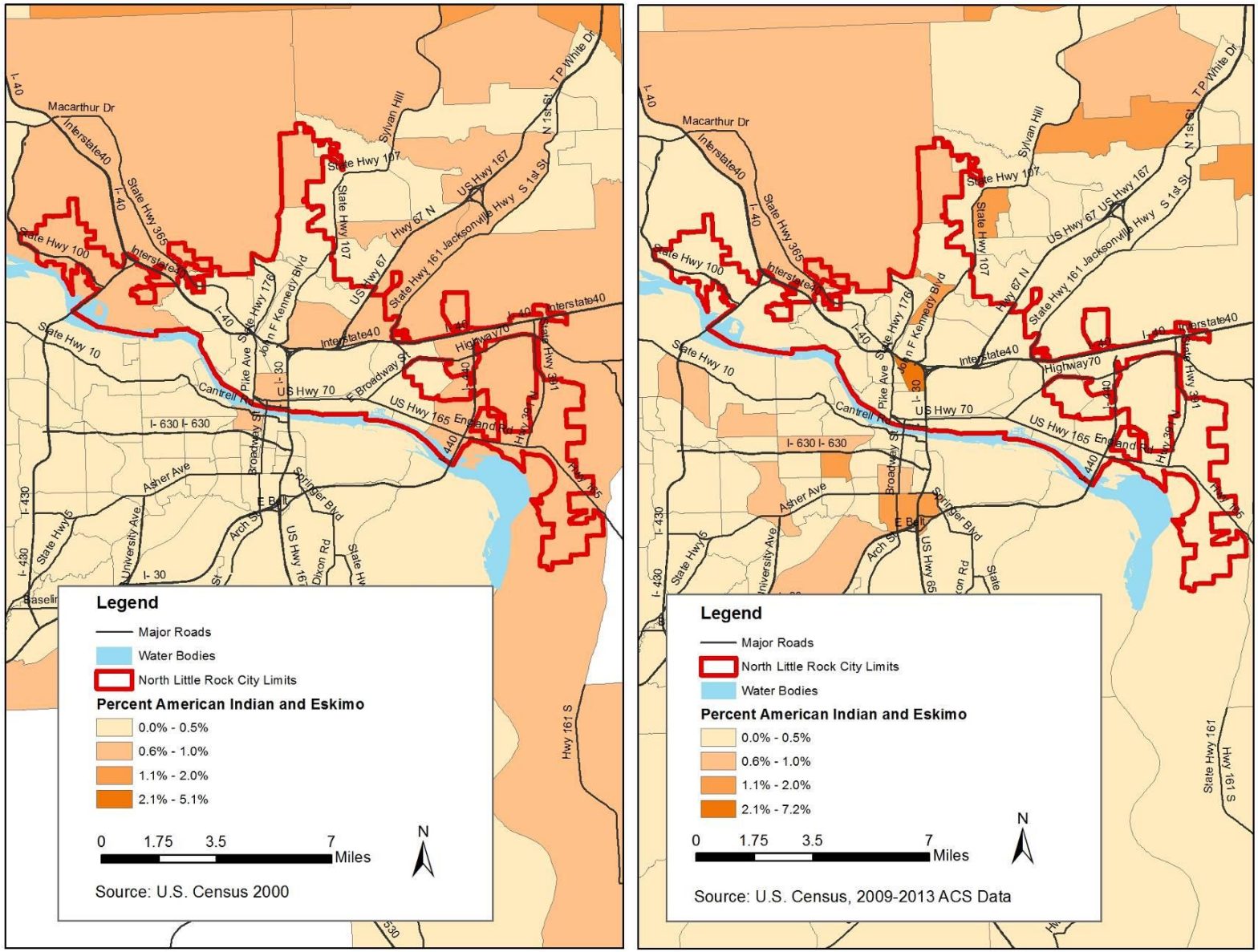
Map 1.2: Percent African-American 2000 and 2013



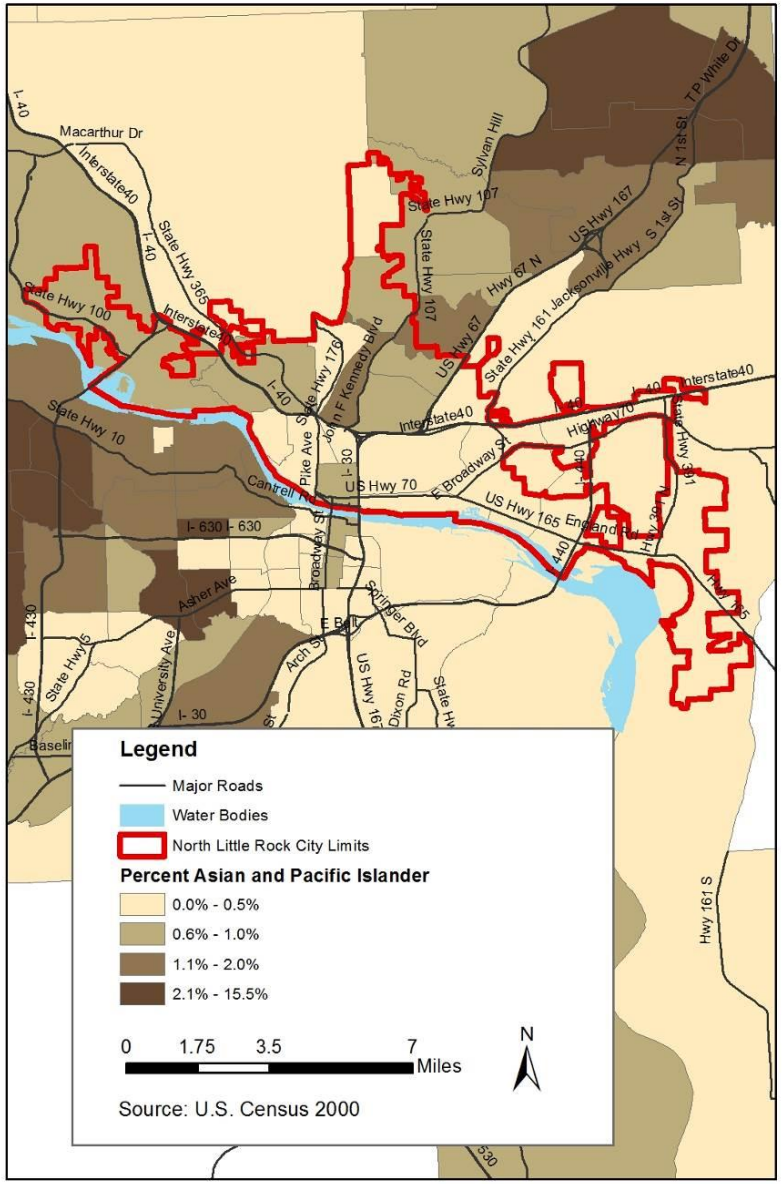
Map 1.3: Percent Hispanic 2000 and 2013

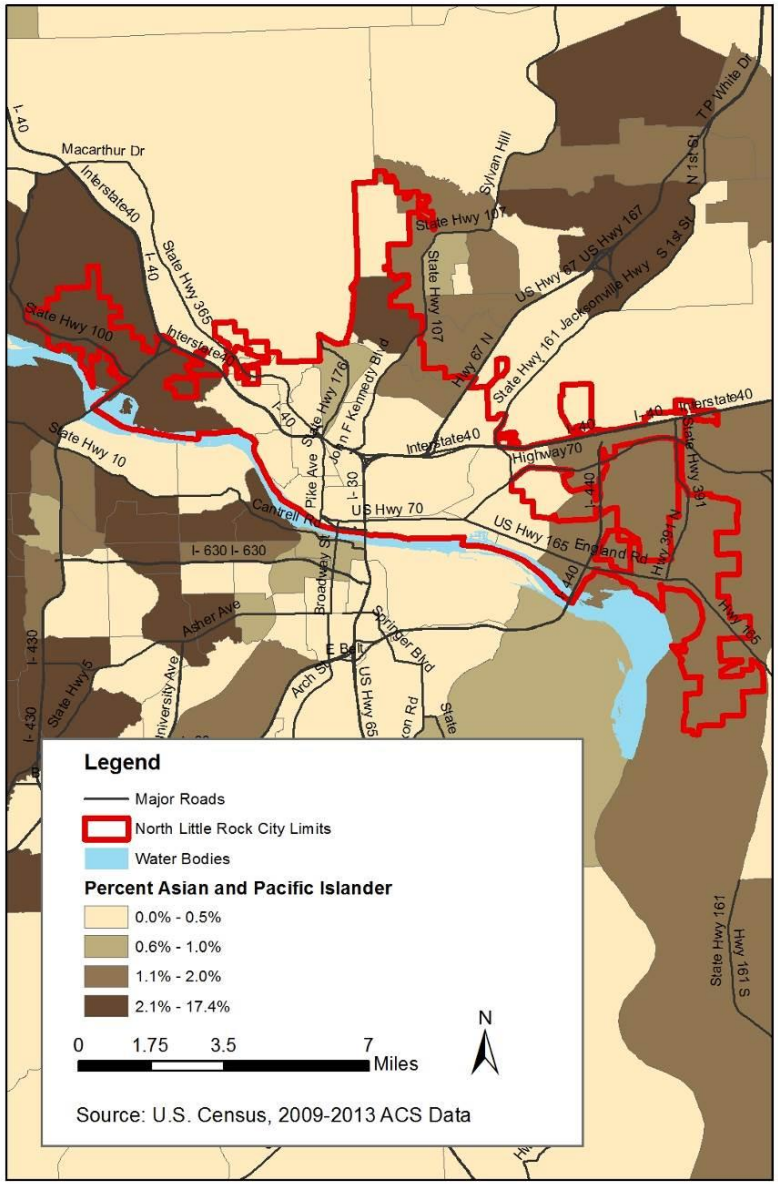


Map 1.4: Percent American Indian and Eskimo 2000 and 2013



Map 1.5: Percent Asian and Pacific Islander 2000 and 2013





The percentage of female-headed households with children in North Little Rock, as determined by the ACS 2009 – 2013, 5 year average, was disproportionately higher among African-Americans at 23.6 percent. Comparatively, female-headed households with children among Whites were 5.5 percent and 7.0 percent for Hispanics. When considering all family types with children present, the data show that 21.2 percent of all Whites, 35.7 percent of all African-Americans, and 50.0 percent of all Hispanics, in the city were in either a Married-couple family type with children category, Male householder family type with children category, or Female-Headed family type with children.

According to the ACS 2009 – 2013, 5 year average, non-family households in North Little Rock as a percentage of total households for all three of the major races/ethnicities were comparable. The data for that same time period also reveals that non-family households among Whites made up 43.3 percent of all White households in North Little Rock, compared to 41.8 percent among African-Americans, and 27.7 percent among Hispanics. Table 1.2, shows the family structure of White, African-American, and Hispanic households in the city between 2009 and 2013.

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

Household Type	White		African-American		Hispanic	
	#	%	#	%	#	%
Family Households	8,165	56.7%	5,756	58.2%	780	72.3%
Married-couple	6,225	43.2%	2,203	22.3%	596	55.2%
Married-couple with children	2,037	14.1%	1,025	10.4%	437	40.5%
Male householder, no wife present	383	2.7%	433	4.4%	91	8.4%
Male householder with children	222	1.5%	171	1.7%	28	2.6%
Female householder, no husband present	1,557	10.8%	3,120	31.6%	93	8.6%
Female-Headed with children	791	5.5%	2,328	23.6%	75	7.0%
Non-Family Households	6,231	43.3%	4,126	41.8%	299	27.7%
Total Households	14,396	100.0%	9,882	100.0%	1,079	100.0%

Source: 2009-2013 American Community Survey

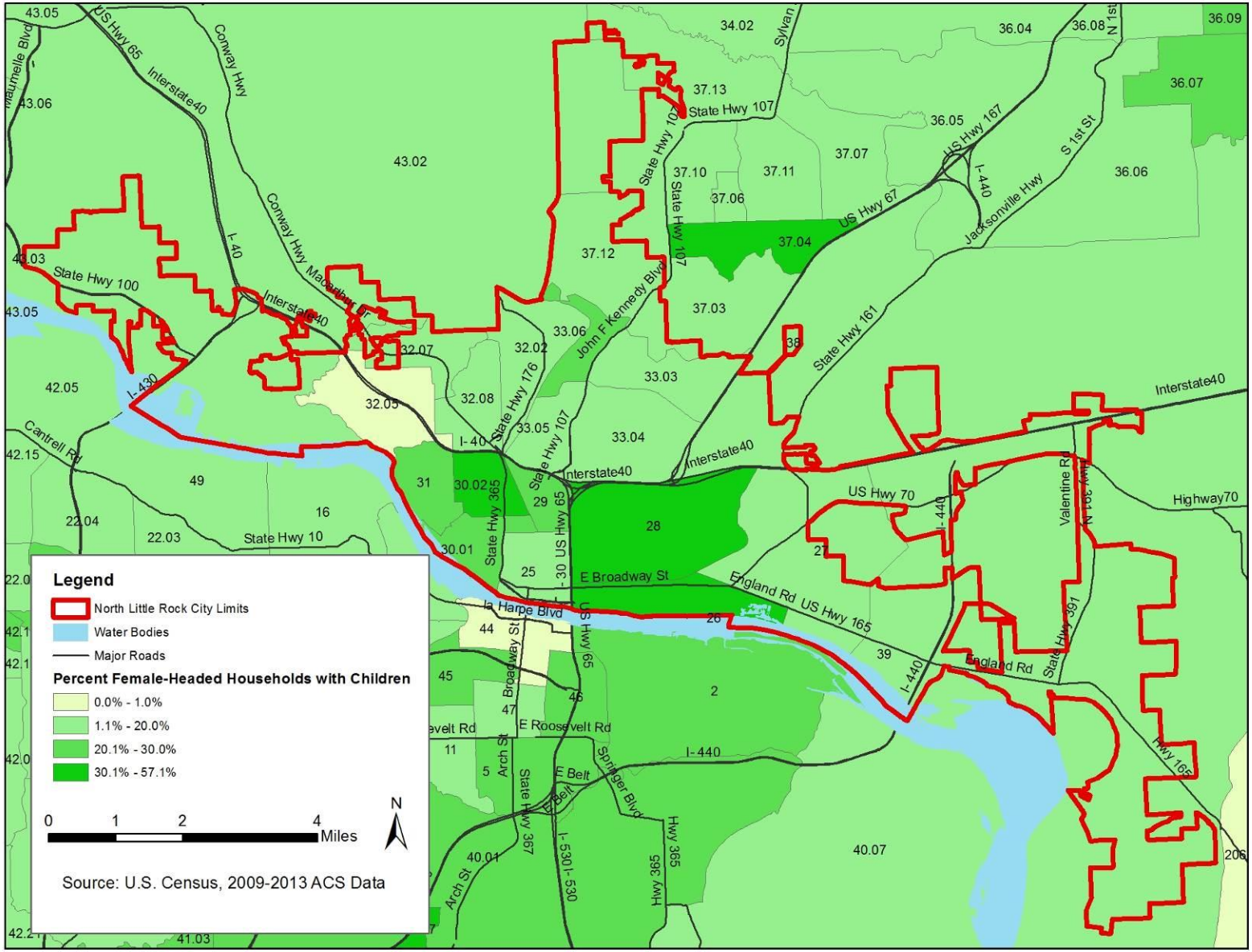
The spatial distribution of female-headed households with children is shown in Map 1.6, on the following page.

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

The percentage of female-headed households with children among African-Americans was 23.6 percent, compared to 5.5 percent among Whites, and 7.0 percent among Hispanics between 2009 and 2013.

Households with children made up 21.2 percent of all Whites, 35.7 percent of all African-Americans, and 50.0 percent of all Hispanics.

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



1.2. Income

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

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

Chart 1.1 shows that the modal income classes (the income classes with the highest number of households) for Whites was the $50,000 to $74,999 with 21.8 percent of Whites in this income range. The most frequently reported income for African-American households was the $15,000 to $24,999 range with 18.3 percent of African-Americans in this range. The most frequently reported income for Hispanic households was the $25,000 to $34,999 range with 33.7 percent of Hispanics in this range.

According to the 2009-2013 ACS estimates (5-Year average), the median household income was reported to be $53,695 for White households, $26,169 for African-American households and $31,654 for Hispanic households, compared to $40,170 for the overall city.

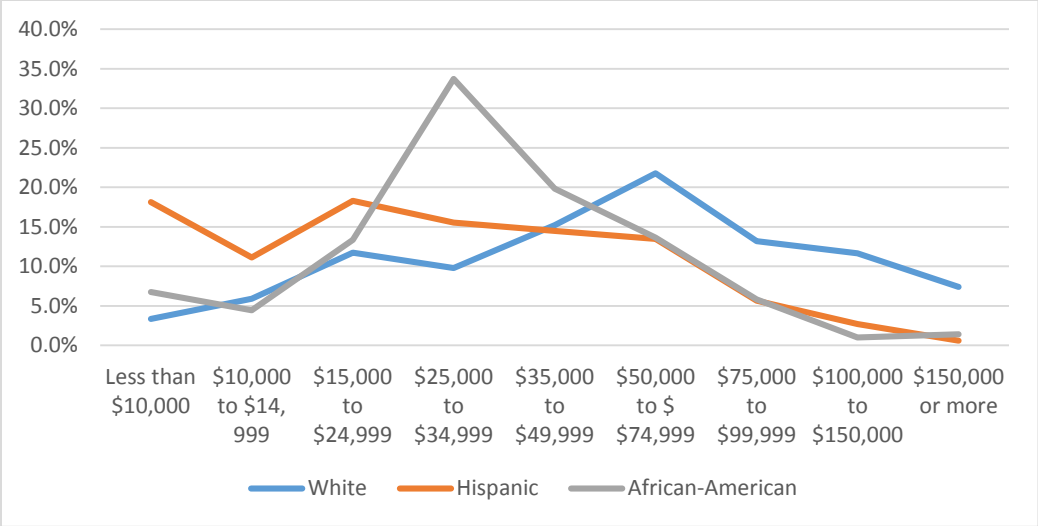
Map 1.7, on page 13, shows the median household income by census tract between 2009 and 2013.

Table 1.3
Households by race by income for North Little Rock, 2009-2013

Income class	White		African-American		Hispanic	
	#	%	#	%	#	%
Less than $10,000	482	3.3%	1,791	18.1%	73	6.8%
$10,000 to $14, 999	849	5.9%	1,098	11.1%	48	4.4%
$15,000 to $24,999	1,688	11.7%	1,806	18.3%	144	13.3%
$25,000 to $34,999	1,412	9.8%	1,537	15.6%	364	33.7%
$35,000 to $49,999	2,191	15.2%	1,430	14.5%	214	19.8%
$50,000 to $ $74,999	3,134	21.8%	1,333	13.5%	147	13.6%
$75,000 to $99,999	1,896	13.2%	561	5.7%	63	5.8%
$100,000 to $150,000	1,679	11.7%	266	2.7%	11	1.0%
$150,000 or more	1,065	7.4%	60	0.6%	15	1.4%
Total:	14,396	100.0%	9,882	100.0%	1,079	100.0%

Source: 2009-2013 American Community Survey

Chart 1.1: Percent of Households by income class by race for North Little Rock, 2009-2013

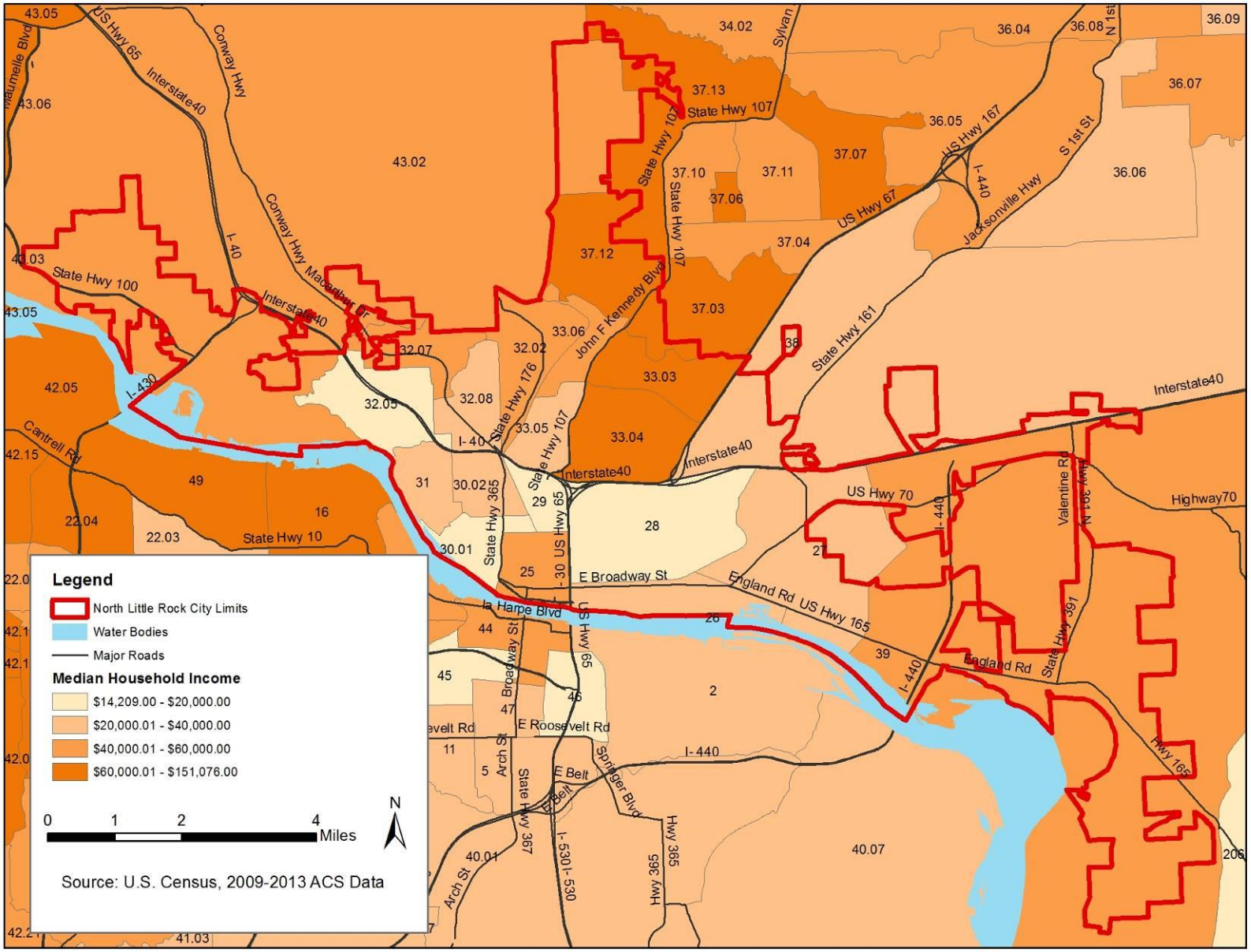


Source: 2009-2013 American Community Survey

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

The median household income was reported to be $41,876 for White households, $25,068 for African-American households, and $27,500 for Hispanic households, compared to $36,618 for the overall city.

Map 1.7: Median Household Income, 2009-2013



The poverty data in Table 1.4, below, shows major effects on the African-American and Hispanic communities. The incidence of poverty among African-Americans was 32.7 percent of the total population between 2009 and 2013, and Hispanics was reported to be 35.1 percent. Among White persons, the data reported 10.5 percent lived in poverty. In comparison, the poverty rate for the city was 21.9 percent during the period.

Table 1.4
Poverty Status by race North Little Rock, 2009-2013

	White		African-American		Hispanic	
Age Group	**Number in Poverty**	**% in Poverty**	**Number in Poverty**	**% in Poverty**	**Number in Poverty**	**% in Poverty**
Under 5 years	297	19.5%	1,028	51.5%	290	50.9%
5 years	65	15.2%	221	0.0%	16	0.0%
6 to 11 years	368	21.1%	1,062	41.6%	199	53.9%
12 to 17 years	295	17.1%	1,361	42.6%	153	23.9%
18 to 64 years	1,894	9.4%	4,476	27.9%	919	33.3%
65 to 74 years	234	7.9%	109	15.6%	0	0.0%
75 years and over	183	5.8%	101	17.6%	0	0.0%
Total	3,336	10.5%	8,358	32.7%	1,577	35.1%

Source: 2009-2013 American Community Survey

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

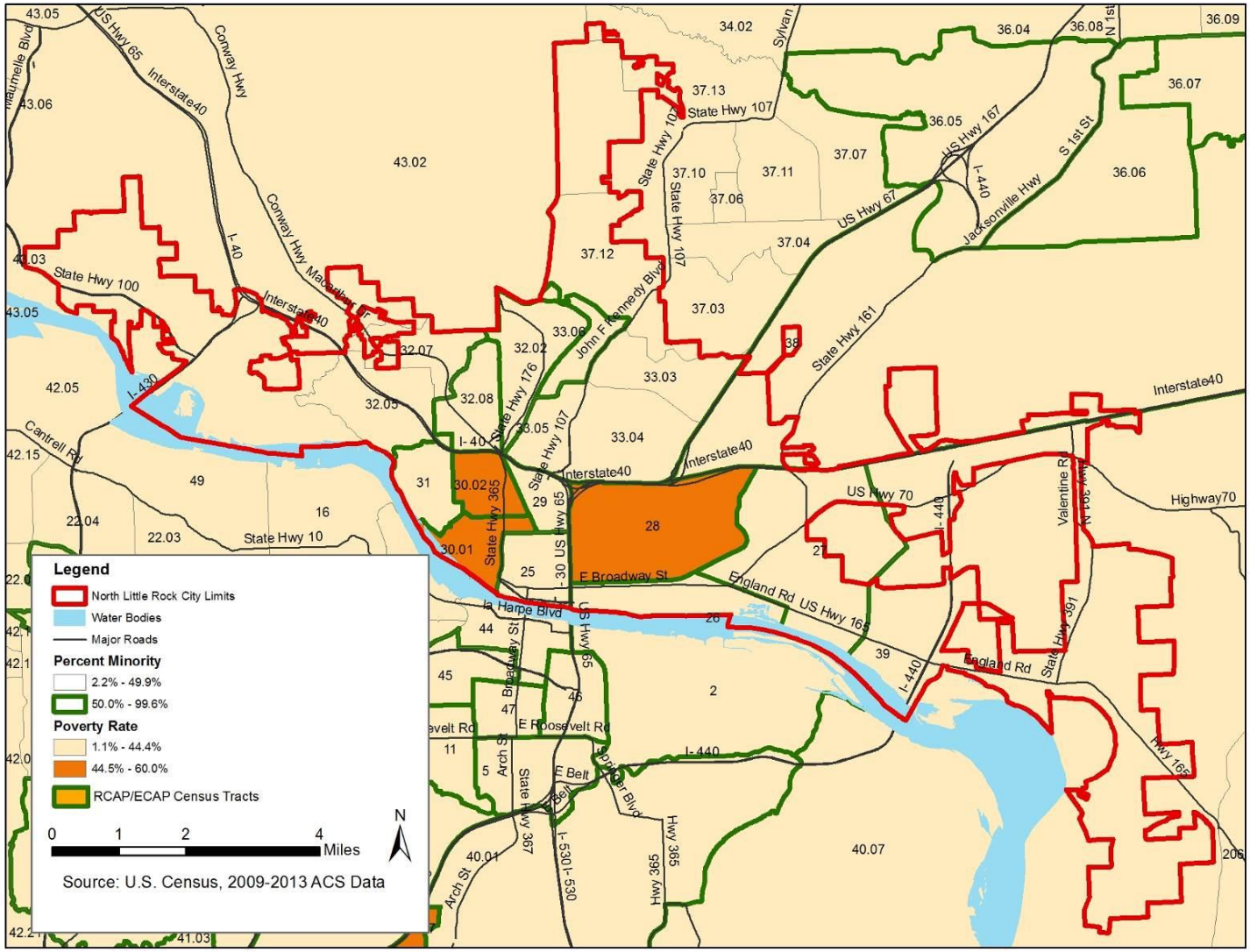
The poverty rate among African-Americans was 32.7 percent of the total population between 2009 and 2013, and Hispanics was reported to be 35.1 percent. Among White persons, the data reported 10.5 percent lived in poverty. In comparison, the poverty rate for the city was 21.9 percent during the period.

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

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

The poverty rate in the Little Rock-North Little Rock-Conway MSA is 14.8 percent. Three times the poverty is 44.5 percent, so 44.5 percent is the poverty threshold for the RCAP-ECAP criteria for the city. There are three census tracts in the central area of the city that meet the RCAP-ECAP criteria.

Map 1.8: Areas of Concentrated Poverty and Racial / Ethnic Concentration and Segregation (RCAP/ECAP)



1.3. Employment

Employment opportunities in the area and educational levels of the employees make a significant impact on housing affordability and the location choice of residents. Table 1.5, below, provides a look at occupation data, which indicate that there has been some shift in the distribution of occupations between 2000 and 2013. Educational and Health services had an increase, up 7.0 percentage points to 27.6 percent. Professional, Business, Repair, and Personal Services and Other Professional and Related Service sectors had the second largest increase, up 2.5 percentage points to 7.6 and 10.7 percent respectively. Finance, Insurance, and Real Estate realized the largest reduction of 2.5 percentage points to 2.5 percent of the workforce. There was a reduction of 2.3 percentage points in Transportation, Communications, and other public utilities, to 5.3 percent of the total workforce. Manufacturing and Public Administration sectors had a decrease of 2.1 percentage points leading to 6.2 and 4.8 percent of the total workforce respectively.

Table 1.5

Occupation of employed persons for North Little Rock, 2000 and 2009-2013 (5-Year Average)

Occupation	2000	2009-2013 Average	Percent Point Change
Agriculture, forestry, mining, and fisheries	0.3%	0.4%	0.1%
Construction	5.7%	6.4%	0.7%
Manufacturing	8.3%	6.2%	-2.1%
Transportation, Communications, and other public utilities	7.6%	5.3%	-2.3%
Wholesale trade	3.8%	2.7%	-1.1%
Retail trade	12.1%	11.9%	-0.2%
Finance, insurance, and real estate	5.0%	2.5%	-2.5%
Professional, Business, repair, and personal services	5.1%	7.6%	2.5%
Arts, Entertainment and recreation services	7.8%	7.7%	-0.1%
Educational and Health services	20.6%	27.6%	7.0%
Other professional and related services	8.2%	10.7%	2.5%
Public administration	6.9%	4.8%	-2.1%

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

The Unemployment data presented in Table 1.6, provides a portrait of the distribution of the unemployed. A closer look at the make-up of this total indicates that much higher levels of unemployment are centered in the African-American community. Between 2009 and 2013, 5.5 percent of White persons (age 16 and over) reported being unemployed. African-American persons in the same age group reported a 15.5 percent unemployment rate, and Hispanics reported a 7.0 percent rate. As a comparison, the citywide unemployment rate was 9.4 percent.

Table 1.6
Employment Status by race for North Little Rock, 2009-2013

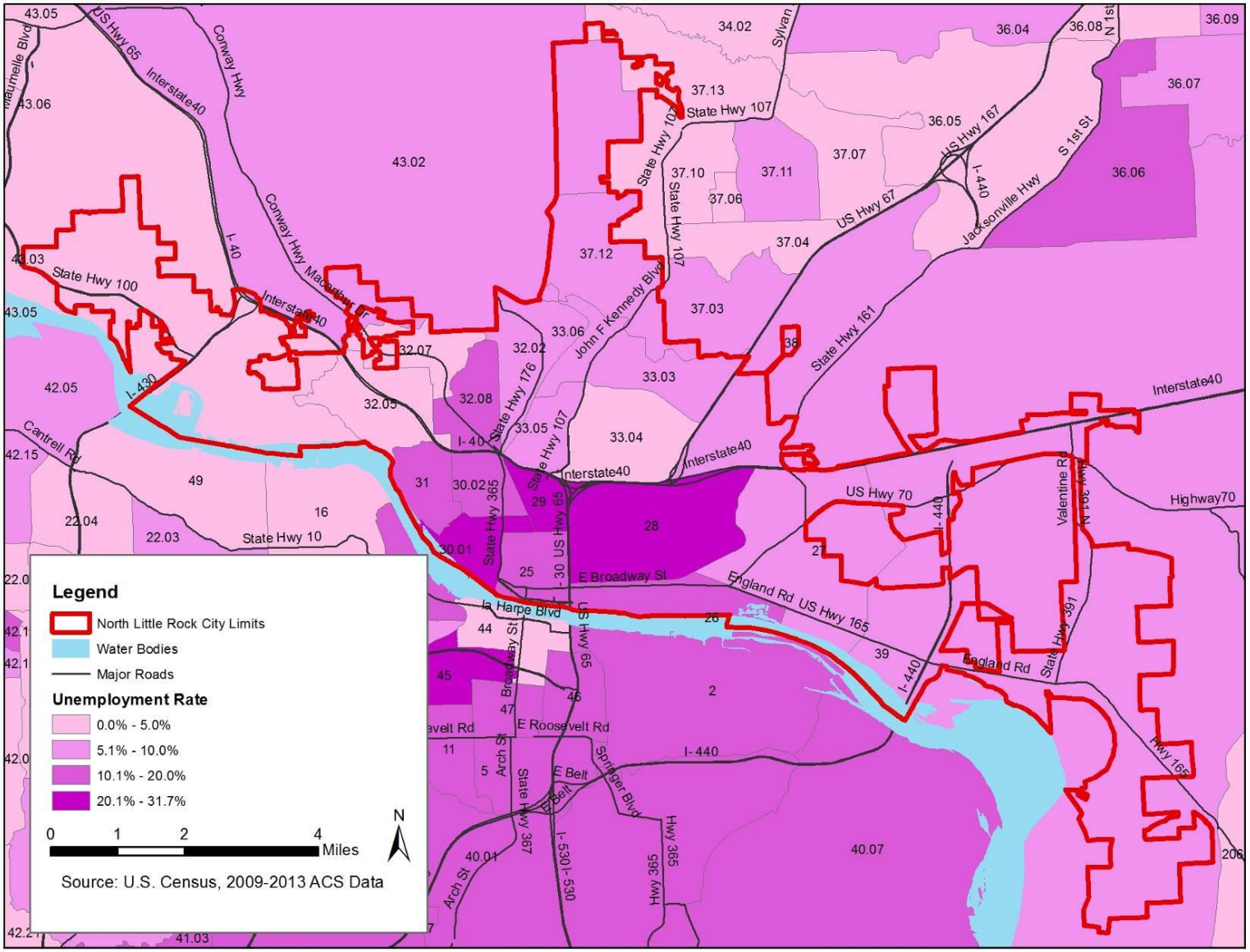
Employment Status	White		African-American		Hispanic	
	Number	Percent	Number	Percent	Number	Percent
In Labor Force:	16,824		11,332		2,277	
In Armed Forces	213	1.3%	61	0.5%	81	3.6%
Civilian:	22,052		12,510		2,299	
Employed	15,680	93.2%	9,517	84.0%	2,037	89.5%
Unemployed	931	5.5%	1,754	15.5%	159	7.0%
Not in labor force	10,489		6,906		720	
Total	27,313		18,238		2,997	

Source: 2009-2013 American Community Survey

According to the Bureau of Labor Statistics, the unemployment rate for the North Little Rock Area was 5.0 percent in September 2015 and 6.0 percent for the year 2014. Map 1.9, on the following page, shows the distribution of unemployed in North Little Rock.

African-Americans had significantly higher unemployment rates, compared to Whites and Hispanics. African-American persons reported a 15.5 percent unemployment rate and Hispanics reported a 7.0 percent rate. As a comparison, unemployment rate for Whites was 5.5 percent and citywide unemployment rate was 9.4 percent between 2009 and 2013.

Map 1.9: Unemployment Rate, 2009-2013



According to the 2014 largest employer data provided by the North Little Rock Chamber of Commerce, the largest employers in the city include Union Pacific rail Road with between 2,000 and 2,499 employees and North Little Rock School District between 1,000 and 1,249 workers. The Heritage Company and Maverick USA, Inc. employ between 1,000 and 1,249 workers.

In North Little Rock, the difference in the unemployment rate between the racial groups can, to some extent, be attributed to limitations due to educational attainment. According to the 2009-2013 ACS estimates (5-Year average), 15.9 percent of African-Americans age 25 and above reported less than a high school education compared to 5.5 percent of Whites. These data are not available for Hispanics during the period. As a comparison, the percentage of population with less than a high school education in the city was 10.9 percent during the period.

To further examine the impact of employment proximity relative to housing choice for low- and moderate-income persons, we analyzed the use and availability of public transportation. The availability of jobs to low-income persons is largely dependent on the geographic location of the jobs. If jobs are concentrated in largely upper income areas, far removed from lower income persons, their ability to get to and from work may be difficult, sometimes causing hardships on employees or potential employees.

1.4. Public Transportation

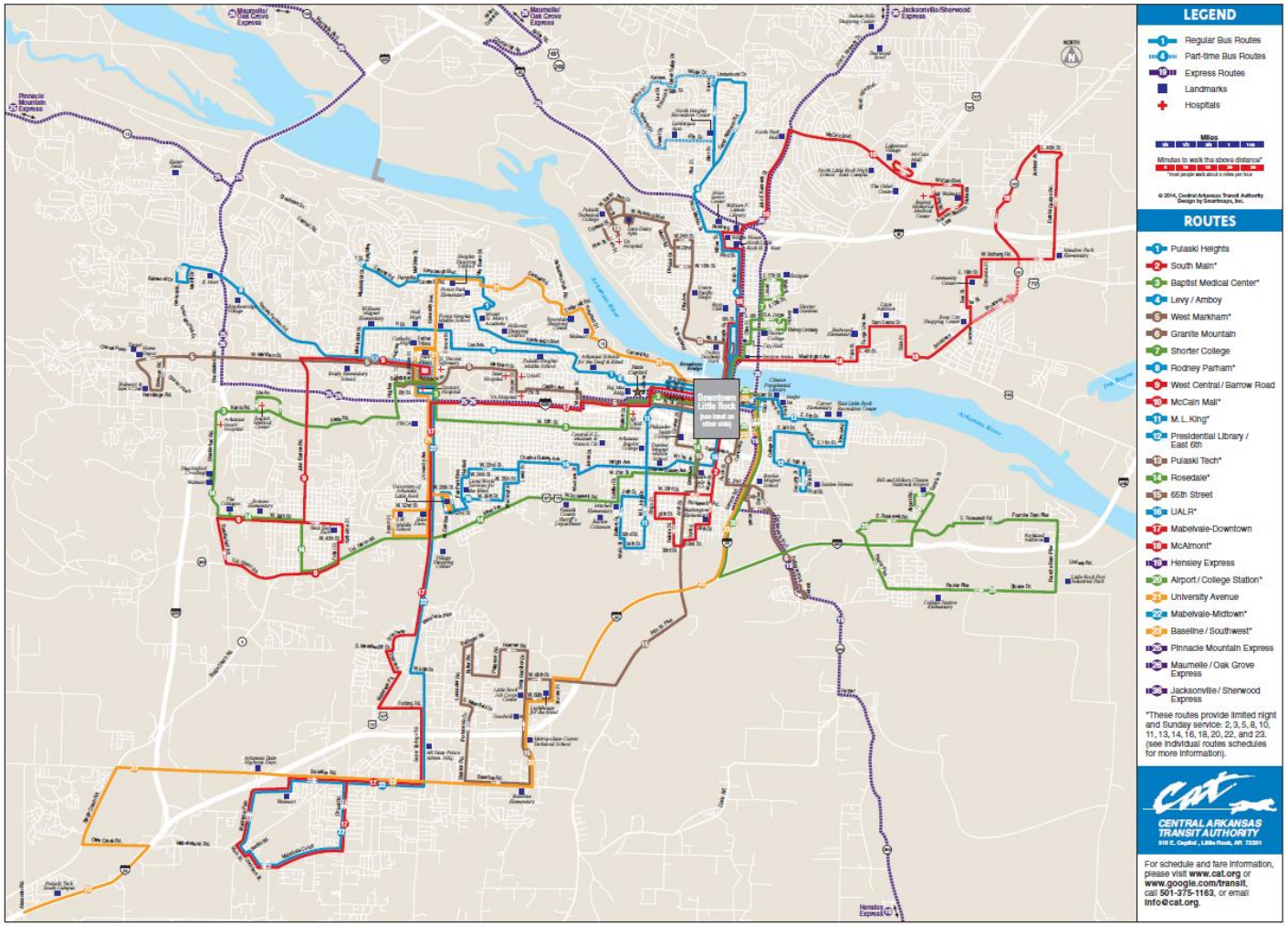
Metro provides public transportation services to the Little Rock metro area seven days a week with fixed route and paratransit operations, and a downtown historic streetcar system. Metro provides bus service in Little Rock, North Little Rock, Maumelle, Jacksonville, Sherwood, and in unincorporated areas of Pulaski County on 22 fixed routes and 4 express routes using 59 buses.

The one-way fare is $1.35, $0.65 for senior citizens, disabled persons, and Medicare recipients, and $0.60 for children with ages between five through 11. Bes passes are available at affordable prices. Various bus routes in the city operate between 5:30 a.m. to 9:00 p.m. North Little Rock has various bus routes including Levy/Amboy, McCain Mall, McAlmont, Shorter College, and Jacksonville/Sherwood Express Route. In addition, River Rail electric streetcar system connects North Little Rock and Little Rock.

A division of Central Arkansas Transit, LINKS Paratransit provides mobility to persons who are prevented by disability from using regular fixed-route service. LINKS offers origin to destination service to customers who have been certified as paratransit eligible under the Americans with Disabilities Act (ADA). The service is available at $2.70 one-way.

Map 1.10, on the following page illustrates Metro bus routes and connections to various destinations and other cities in the county.

Map 1.10: Public Transportation Routes



Source: Rock Region Metro, www.rrmetro.org

5. Housing

According to the 2009-2013 ACS data, the total number of housing units in the city was 29,946 including 4,174 vacant units. As shown in Table 1.7, to the right, there were 27,585 housing units in North Little Rock in 2000. The total number of housing units in the city increased by 8.6 percent between 2000 and 2013. Out of the total number of housing units in the city of 29,946 between 2009 and 2013, 46.3 percent were owner-occupied, 39.8 percent were renter-occupied, and the remaining 13.9 percent were vacant. The median housing value in the city was $118,200 and the median contract rent was $586 between 2009 and 2013.

Table 1.7
Tenure for housing in North Little Rock, 2000, and 2009-2013 (5-Year average)

	2000		2009-2013 (Average)	
Tenure	**Number**	**Percent**	**Number**	**Percent**
Owner-occupied	14,695	53.3%	13,865	46.3%
Renter-occupied	10,847	39.3%	11,907	39.8%
Vacant	2,043	7.4%	4,174	13.9%
Total:	27,585	100.0%	29,946	100.0%

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

Table 1.8, to the right, shows that of all housing units, 68.4 percent were categorized as single-family detached, 1.1 percent as single-family attached, 9.7 percent contained two to four units, 19.5 percent classified as multifamily, and 1.4 percent as mobile home or other.

Table 1.8
Housing type for North Little Rock, 2009-2013 (5-Year Average)

Units in Structure	Number	Percent
Single-Family detached	20,469	68.4%
Single-Family attached	340	1.1%
2-4 units	2,905	9.7%
Multifamily	5,827	19.5%
Mobile home or Other	405	1.4%
Total	29,946	100.0%

Source: 2009-2013 American Community Survey

The Majority of housing stock in North Little Rock was single-family housing. Sixty eight percent of all housing units were single-family, and 46 percent of all housing units in the city were owner-occupied between 2009 and 2013.

As shown on Table 1.9 below, 12.5 percent of all housing units were built prior to 1950, 15.5 percent were built between 1950 and 1959, 21.0 percent were built

between 1960 and 1969, 22.2 percent were built between 1970 and 1979, and 28.8 percent were built after 1979. Over 49 percent of the housing stock is more than 40 years old, built prior to 1970. These units may contain lead-based paint or likely be in need of repairs and maintenance.

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

Year Built	Number	Percent
Built 2010 or later	119	0.4%
Built 2000 to 2009	2,889	9.6%
Built 1990 to 1999	2,044	6.8%
Built 1980 to 1989	3,560	11.9%
Built 1970 to 1979	6,640	22.2%
Built 1960 to 1969	6,289	21.0%
Built 1950 to 1959	4,652	15.5%
Built 1940 to 1949	2,401	8.0%
Built 1939 or earlier	1,352	4.5%
Total	29,946	100.0%

Source: 2009-2013 American Community Survey

Over 49 percent of housing stock in North Little Rock was more than 40 years old, and these units may contain lead-based paint or likely be in need of repairs and maintenance.

According to the 2009-2013 ACS data shown in Table 1.10, the homeownership rate among Whites was 66.5 percent, compared to 38.5 percent among African-Americans, and 33.4 percent among Hispanics.

Table 1.10
Tenure by Race in North Little Rock, 2009-2013 (5-Year average)

	Owner-occupied		Renter-occupied	
Tenure by Race	**#**	**%**	**#**	**%**
White	9,576	66.5%	4,820	33.5%
African-American	3,804	38.5%	6,078	61.5%
Hispanic	360	33.4%	719	66.6%

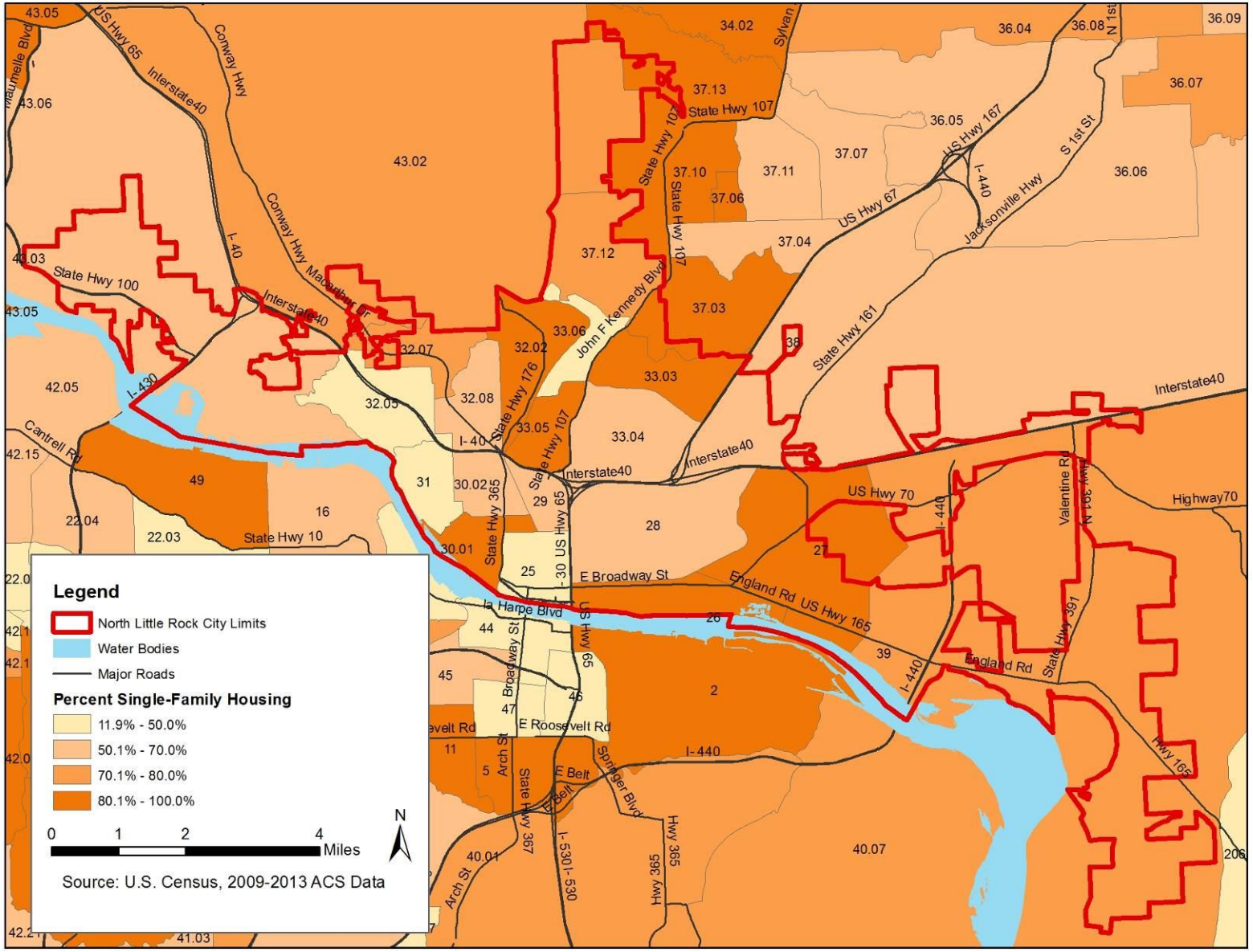
Source: 2009-2013 American Community Survey

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

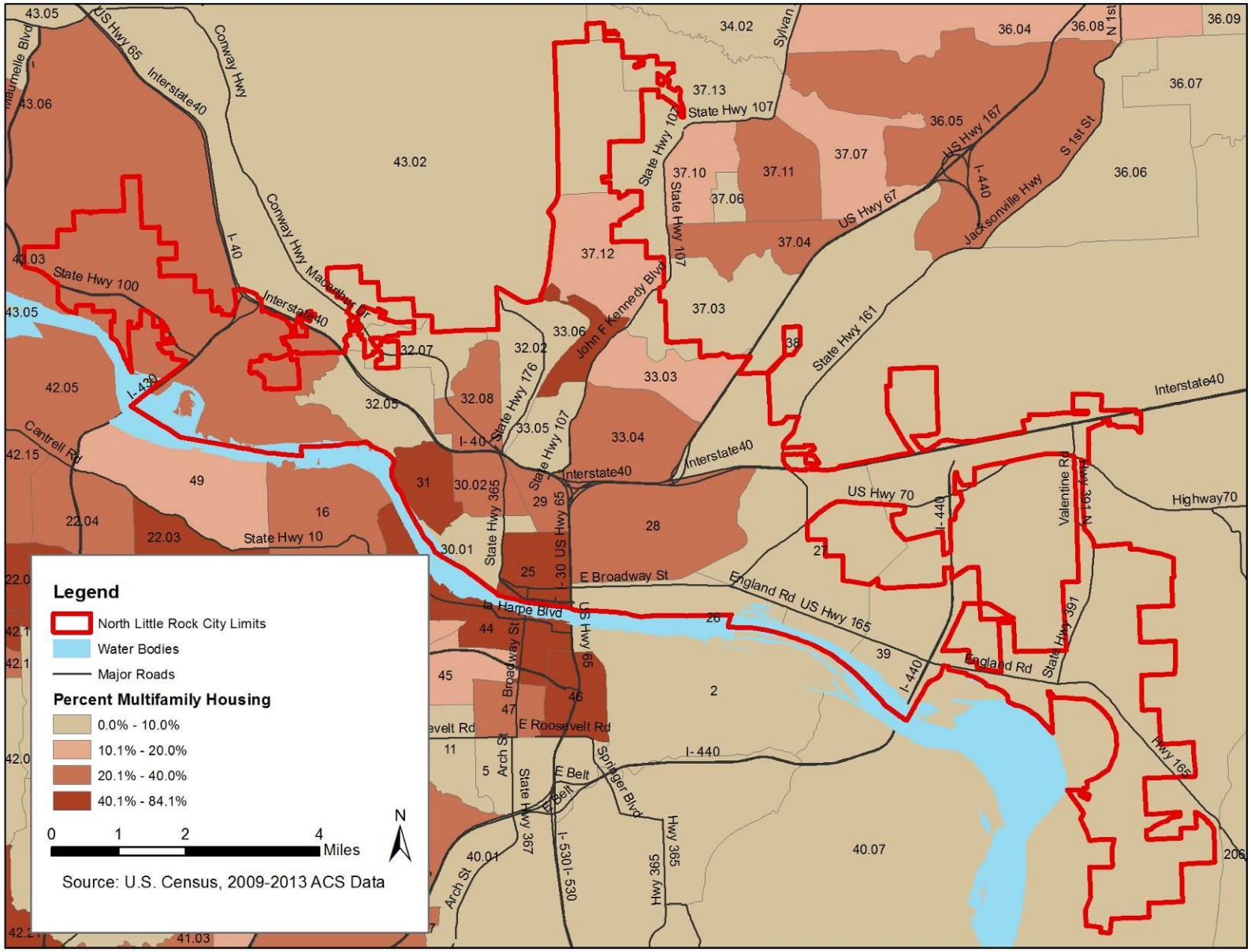
The homeownership rate among Whites was 66.5 percent, compared to 38.5 percent among African-Americans, and 33.4 percent among Hispanics between 2009 and 2013.

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

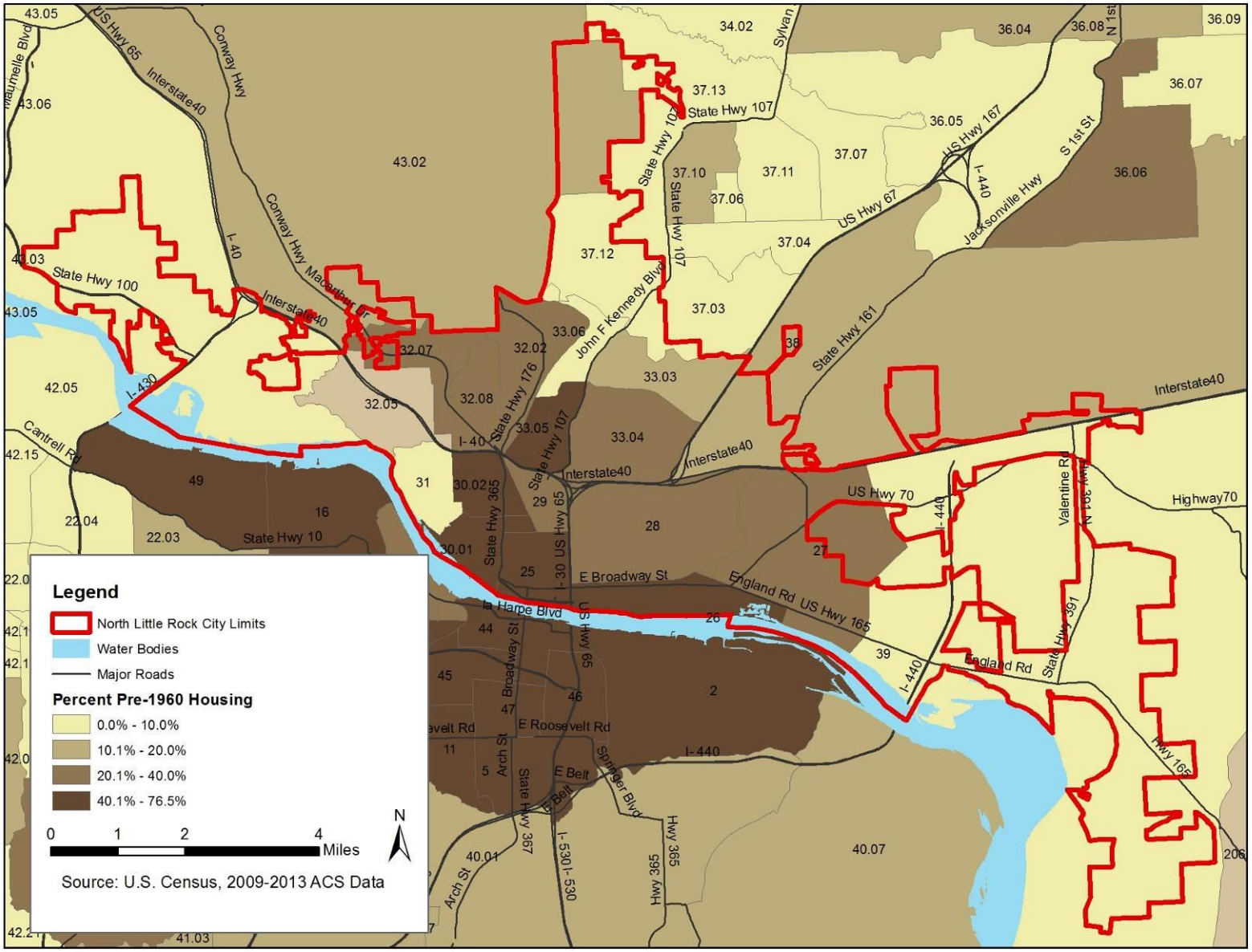
Map 1.11: Percent Single-Family Housing Units, 2009-2013



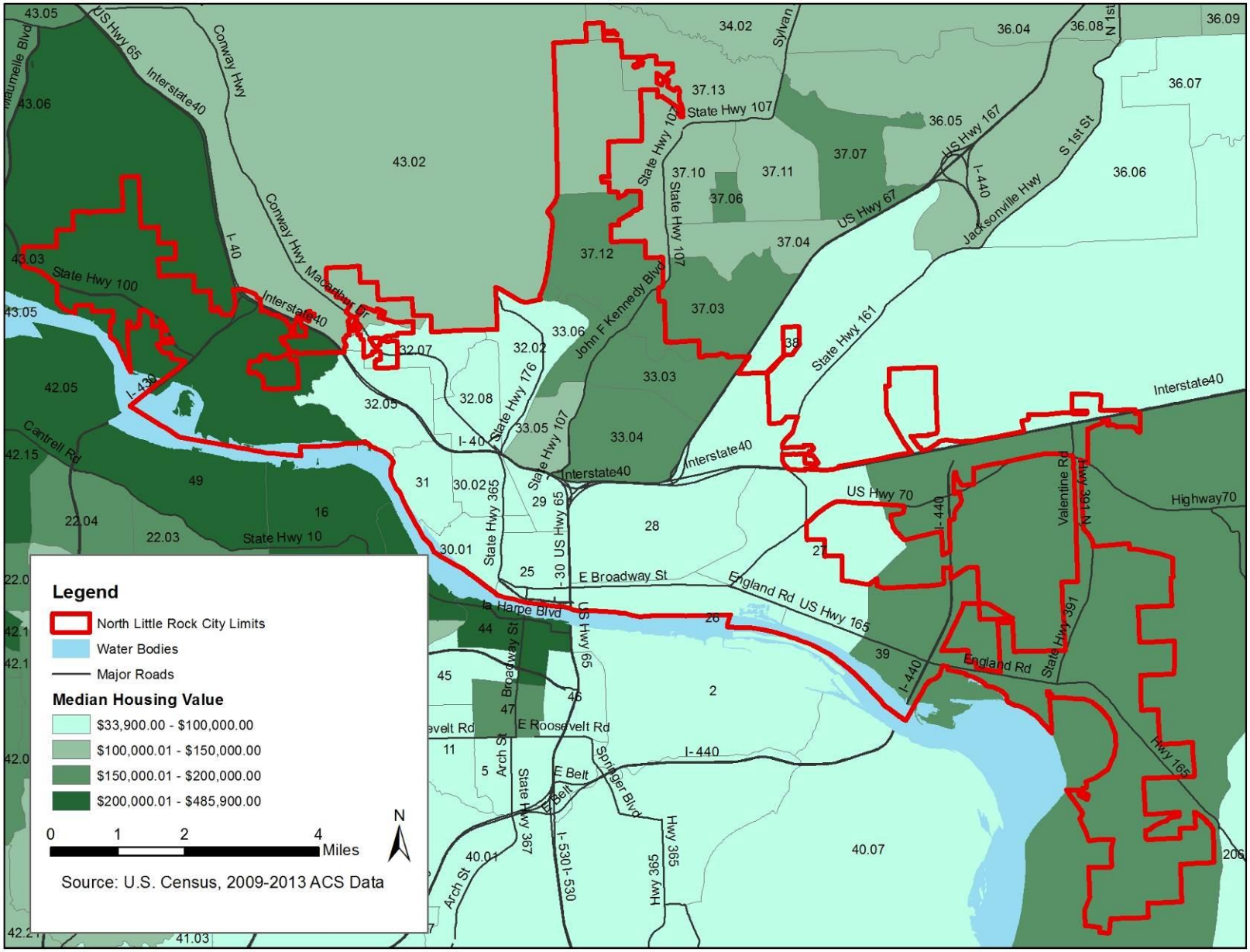
Map 1.12: Percent Multifamily Housing Units, 2009-2013



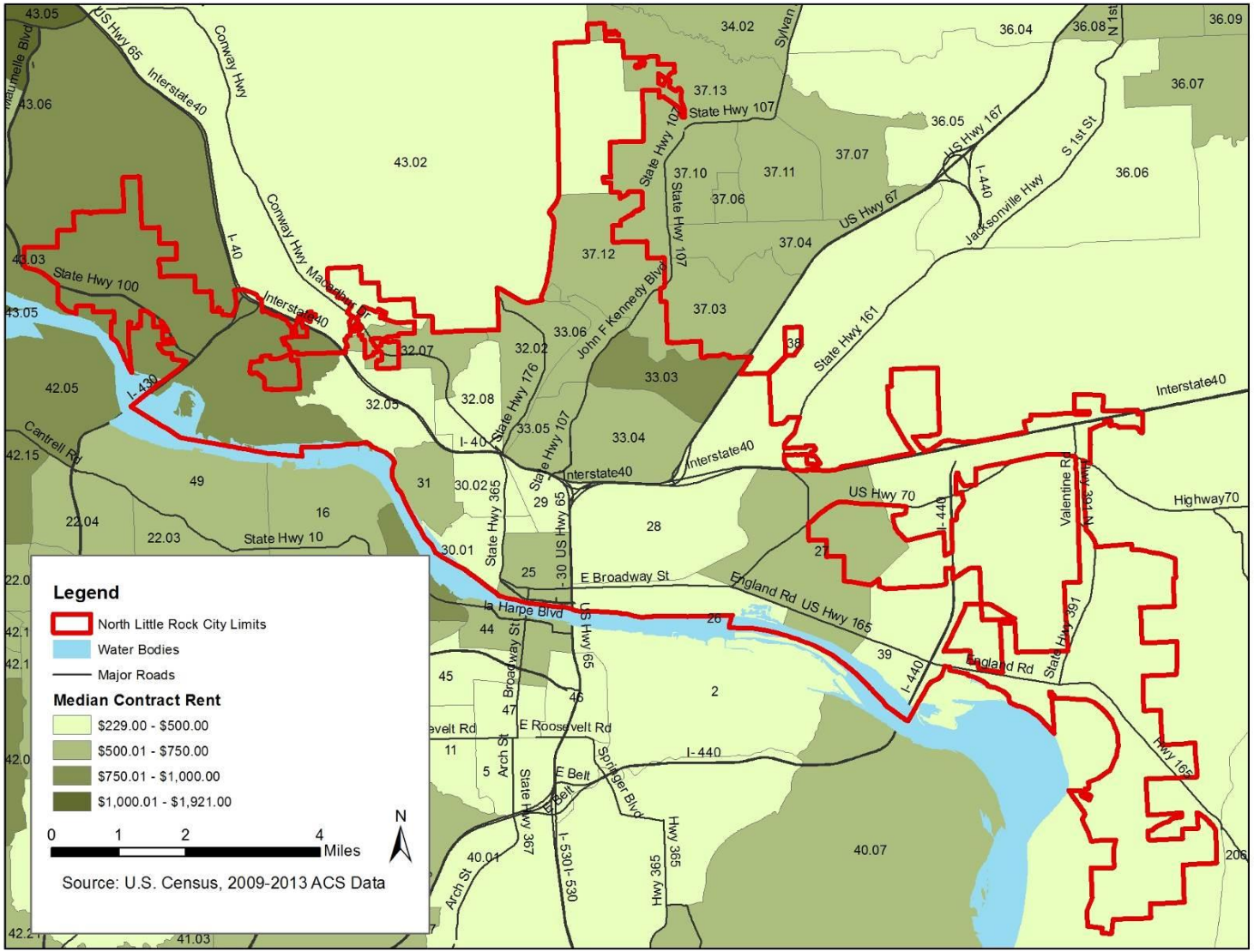
Map 1.13: Percent Pre-1960 Housing Stock



Map 1.14: Median Housing Value, 2009-2013



Map 1.15: Median Contract Rent, 2009-2013



Data contained in the Comprehensive Housing Affordability Strategy (CHAS) data compiled from American Communities Survey results from 2008 through 2012, duplicated in Table 1.11, indicates that the impact of housing costs on household incomes is very severe on low- and very low-income households. The table shows that 77.1 percent of all very low-income renters (those earning between 0 percent and 30 percent of the median family income) and 72.7 percent of very low-income homeowner households paid more than 30 percent of their income on housing expenses. Furthermore, 64.0 percent of very low-income renters and 47.5 percent of very low-income homeowners paid more than 50 percent of their incomes on housing expenses between 2008 and 2012.

Looking at the “Other Low-Income” households (those earning between 31 percent and 50 percent of the median family income), 76.2 percent of low-income renters and 36.5 percent of low-income homeowners paid more than 30 percent on housing expenses. Also, 36.5 percent of renters and 25.4 percent of homeowners paid more than 50 percent on housing expenses.

The moderate-income category (those earning between 51 percent and 80 percent of the median family income), shows 53.4 percent of renters and 36.5 percent of homeowners had rent burdens in excess of 30 percent, and 4.2 percent renters and 8.9 percent of homeowners paid more than 50 percent on housing expenses. These cost burdens impact fair housing choices and represent significant impediments in that they impact persons at every income category.

Table 1.11
Cost Burden by income and tenure, 2008 – 2012

Income Distribution Overview	Owner	%	Renter	%	Total
Household Income <= 30% HAMFI	695	16.8	3,430	83.2	4,125
Household Income >30% to <=50% HAMFI	1,420	36.6	2,455	63.4	3,875
Household Income >50% to <=80% HAMFI	2,030	41.8	2,830	58.2	4,860
Household Income >80% to <=100% HAMFI	1,360	55.2	1,105	44.8	2,465
Household Income >100% HAMFI	7,995	75.5	2,590	24.5	10,585
Total	13,500	52.1	12,410	47.9	25,910
	Cost burden		Cost burden		
Income by Cost Burden (Owners and Renters)	> 30%	%	> 50%	%	Total
Household Income <= 30% HAMFI	3,150	76.4	2,525	61.2	4,125
Household Income >30% to <=50% HAMFI	2,745	70.8	1,255	32.4	3,875
Household Income >50% to <=80% HAMFI	2,245	46.2	295	6.1	4,860
Household Income >80% to <=100% HAMFI	390	15.8	40	1.6	2,465
Household Income >100% HAMFI	455	4.3	45	0.4	10,585
Total	8,985	34.7	4,160	16.1	25,910
	Cost burden		Cost burden		
Income by Cost Burden (Renters only)	> 30%	%	> 50%	%	Total
Household Income <= 30% HAMFI	2,645	77.1	2,195	64.0	3,430
Household Income >30% to <=50% HAMFI	1,870	76.2	895	36.5	2,455
Household Income >50% to <=80% HAMFI	1,510	53.4	120	4.2	2,830
Household Income >80% to <=100% HAMFI	190	17.2	40	3.6	1,105
Household Income >100% HAMFI	75	2.9	15	0.6	2,590
Total	6,290	50.7	3,265	26.3	12,410
	Cost burden		Cost burden		
Income by Cost Burden (Owners only)	> 30%	%	> 50%	%	Total
Household Income <= 30% HAMFI	505	72.7	330	47.5	695
Household Income >30% to <=50% HAMFI	875	61.6	360	25.4	1,420
Household Income >50% to <=80% HAMFI	740	36.5	180	8.9	2,030
Household Income >80% to <=100% HAMFI	200	14.7	0	0.0	1,360
Household Income >100% HAMFI	380	4.8	30	0.4	7,995
Total	2,700	20.0	900	6.7	13,500

Source: HUD-CHAS data

According to the 2009-2013 ACS estimates shown in Table 1.12 to the right, 48.8 percent of renter households paid more than 30 percent of their household income towards rent. About 71 percent of the renter households with household income of less than $10,000, 79.3 percent of the renter households that earned between $10,000 to $19,999, 64.5 percent of the renter households that earned between $20,000 to $34,999, and 23.2 percent of the renter households that earned between $35,000 to $49,999 spent more than 30 percent of their households income towards rent during the five-year period.

As shown in Table 1.13, to the right, 22.2 percent of owner households were 30 percent or more cost burden and 7.6 percent of the owner households were 50 percent or more cost burden during the same period.

Table 1.12
Gross Rent as a Percent of Household Income in North Little Rock, 2009-2013 (5-Year average)

Gross Rent as a Percent of Household Income	Number of Households	Cost Burden 30%
Less than $10,000	2,051	
Less than 30.0 percent	77	
30.0 percent or more	1,452	70.8%
$10,000 to $19,999	2,512	
Less than 30.0 percent	390	
30.0 percent or more	1,993	79.3%
$20,000 to $34,999	2,840	
Less than 30.0 percent	937	
30.0 percent or more	1,832	64.5%
$35,000 to $49,999	1,888	
Less than 30.0 percent	1,348	
30.0 percent or more	438	23.2%
$50,000 or more	2,616	
Less than 30.0 percent	2,384	
30.0 percent or more	96	3.7%
Total Renter Households	11,907	
Less than 30.0 percent	5,136	
30.0 percent or more	5,811	48.8%

Source: 2009-2013 American Community Survey

Table 1.13
Owner Costs as a Percent of Household Income in North Little Rock, 2009-2013 (5-Year average)

Housing Cost as a Percent of Household Income	Number of Owner Households	Percent
Less than 30.0 percent	10,657	76.9%
30.0 percent or more	3074	22.2%
50.0 percent or more	1049	7.6%
Not computed	134	1.0%
Total Owner-Occupied households	13,865	100.0%

Source: 2009-2013 American Community Survey

According to the 2009–2013 ACS data, 48.8 percent of the renter households in North Little Rock were cost burden paying more than 30 percent of income for housing.

For this same time period, 22.2 percent owner households paid more than 30 percent of their household income for housing and 7.6 percent of owner households were 50 percent cost burden.

One of the most revealing indicators that minorities are more likely to require rental housing and lag far behind Whites in obtaining housing of their choice is in the category of homeownership. The homeownership rate among Whites was 66.5 percent, compared to 38.5 percent among African-Americans, and 33.4 percent among Hispanics between 2009 and 2013.

Other limitations for African-Americans and Hispanics include lower incomes, and a disproportionate number of African-American and Hispanic households living in poverty. The poverty rate among African-Americans was 32.7 percent of the total population between 2009 and 2013, and Hispanics was reported to be 35.1 percent. Among White persons, the data reported 10.5 percent lived in poverty. In comparison, the poverty rate for the city was 21.9 percent during the period. The median household income was reported to be $53,695 for White households, $26,169 for African-American households and $31,654 for Hispanic households, compared to $40,170 for the overall city. All of these factors combine limit housing choice of the city's minority populations.

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

Introduction

It is important to examine how the City of North Little Rock laws, regulations, policies and procedures will ultimately affect fair housing choice. Fair housing choice is defined, generally, as the ability of people with similar incomes to have similar access to location, availability and quality of housing. Therefore, impediments to fair housing choice may be acts that violate a law or acts or conditions that do not violate a law, but preclude people with varying incomes from having equal access to decent, safe, and affordable housing.

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

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

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

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

Section 2.5 provides an analysis of fair housing complaints filed with HUD. Section 2.5 also contains conclusions about fair housing barriers based on the existing law, enforcement efforts, complaint analysis, and the availability of affordable housing. The HUD Fort Worth Regional Office, Fair Housing and Equal Opportunity (FHEO) Division has responsibility for fair housing enforcement in North Little Rock. The State of Arkansas Fair Housing Commission also has jurisdiction in North Little Rock. Official compliant data was received from the HUD Fort Worth Regional Office, Fair Housing Equal Opportunity Division.

2.1. Fair Housing Law

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

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

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

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

The Fair Housing Act requires housing providers to make reasonable accommodations in rules, policies, practices, and paperwork for persons with disabilities. They must allow reasonable modifications in the property so people with disabilities can live successfully. Due to the volume of questions and complaints surrounding this aspect of the federal act at the national level, in March 2008, the Department of Justice (DOJ) and the Department of Housing and Urban Development (HUD) released a joint statement

to technically define the rights and obligation of persons with disabilities and housing providers.

In addition to prohibiting certain discriminatory acts, the Act places no limit on the amount of recovery and imposes substantial fines. The fine for the first offense can be up to $11,000; the second offense within a five year period, up to $27,500; and for a third violation within seven years up to $55,000.

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

As a test to determine if advertising relative to housing and real estate in the local housing market have impediments to fair housing, a review of local advertisements in real estate publications from August and September 2015 was conducted. These types of advertisements cover an area larger than City of North Little Rock, and the time-period is insufficient to conclusively establish a pattern of discrimination. The data does however provide an accurate snapshot of the advertising available, and a general overview of the state of compliance with fair housing law. The advertising, especially those with images of prospective or current residents was reviewed, with a sensitivity toward:

- Advertising with all or predominately models of a single race, gender, or ethnic group;
- Families or children in ad campaigns depicting images of prospective residents;
- Particular racial groups in service roles (maid, doorman, servant, etc.);
- Particular racial groups in the background or obscured locations;
- Any symbol or photo with strong racial, religious, or ethnic associations;
- Advertising campaigns depicting predominately one racial group;

- Campaigns run over a period of time, including a number of different ads, none or few of which include models of other races;
- Ads failing to contain Equal Housing Opportunity (EHO) statements or logos, or contains the statement or logo, but it is not readily visible; and
- Ad campaigns involving group shots or drawings depicting many people, all or almost all of whom are from one racial group.

Publications advertising the sale or rental of housing directed toward persons in North Little Rock were reviewed including Apartment Finder, The Real Estate Book, and various local real estate sales publications. There were no major concerns revealed. Some publications made blanket statements at the front of the publication stating that the magazines as well as their advertisers are subject to the Federal Fair Housing Act. Most of the advertisers advertise with the equal housing opportunity logo or slogan. Including the logo helps educate the home seeking public that the property is available to all persons. A failure to display the symbol or slogan may become evidence of discrimination if a complaint is filed. Additionally, most of the images included in the selected materials either represented racial, ethnic or gender diversity among the models selected.

Fair Housing Assistance Program (FHAP) Agencies

The U. S. Department of Housing and Urban Development (HUD) provides funding to state and local governmental agencies to enforce local fair housing laws that are substantially equivalent to the Fair Housing Act. Once a state and a city or county in that state have a substantially equivalent fair housing law, they can apply to become certified as a Fair Housing Assistance Program (FHAP) Agency and receive funds for investigating and conciliating fair housing complaints or a Fair Housing Initiatives Program (FHIP) Agency and receive funds for education, promoting fair housing, and investigating allegations. It should be noted that a county or city must be located in a state with a fair housing law that has been determined by HUD to be substantially equivalent. Then, the local jurisdiction must also adopt a law that HUD concludes is

substantially equivalent in order to participate in the FHAP Program. The local law must contain the seven protected classes - race, color, national origin, sex, religion, handicap, and familial status - and must have substantially equivalent violations, remedies, investigative processes, and enforcement powers.

In addition, the process for investigating and conciliating complaints must mirror HUD's. HUD's process begins when an aggrieved person files a complaint within one year of the date of the alleged discriminatory housing or lending practice. The complaint must be submitted to HUD in writing. However, this process can be initiated by a phone call. HUD will complete a complaint form, also known as a 903, and mail it to the complainant to sign. The complaint must contain the name and address of the complainant and respondent, address and description of the housing involved, and a concise statement of the facts, including the date of the occurrence, and the complainant's affirmed signature. Upon filing, HUD is obligated to investigate, attempt conciliation, and resolve the case within 100 days.

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

Court Decisions

Court Decisions play a major role in interpreting the Federal Fair Housing Act and defining the protections under the Act. A review of the ruling for landmark and other

significant cases has been incorporated into the AI methodology to identify actions, omissions, policies, and regulations resulting in litigations that serve to inform jurisdictions, industries, advocacy groups and the general public prior to those same actions being challenged in their jurisdictions. The following provides highlights of select cases:

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

The lawsuit was brought so that TDHCA would change its rules and policies and therefore distribute awards of low income housing tax credits in more suburban areas. The District Court found that ICP had established its claim of disparate impact and provided that TDHCA create new selection criteria for the awarding of the credits to assure a more equal distribution of the credits. TDHCA appealed the district court ruling, but the Fifth Circuit upheld the District Court and found that the disparate impact claims are recognizable under the Fair Housing Act ("FHA"). Prior to this ruling, HUD issued new regulation, the Assessment of Fair Housing (AFH), which set out the federal government's interpretation of disparate impact liability under the Fair Housing Act. This regulation indicated that the plaintiff had the burden of showing that the challenged

practice had a discriminatory effect before the burden then shifts to the defendant to show that the practice is in fact necessary. For this reason, the Fifth Circuit also held that it was not the burden of TDHCA to prove there were “less discriminatory methods for allocating the tax credits”. TDHCA filed a writ of certiorari or request to be heard by the Supreme Court, for a ruling on whether disparate impact cases are in fact recognizable under the Fair Housing Act. And it is in response to that request that the Supreme Court has ruled.

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

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

Walker v. HUD represents a landmark case, settled by consent decree, and establishing precedent as to HUD, PHA and City responsibilities and culpability for insuring the elimination of segregation in public and assisted housing. The Walker public housing/Section 8 desegregation litigation began in 1985 when one plaintiff, Debra Walker, sued one Dallas, Texas area suburb, Mesquite. The lawsuit contended that Mesquite’s refusal to give its consent for DHA to administer Section 8 certificates within Mesquite violated the 14th Amendment and the other civil rights law prohibiting

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

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

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

(a) approximately 9,900 new assisted units have been made available to Walker class members.

(b) approximately $22 million was made available for the creation of housing opportunities in predominantly white areas of the Dallas metroplex.

(c) $2 million was provided for the operation of a fair housing organization that focused on the problems of low income minority families.

(d) Hope VI funding for 950 units in the West Dallas project.

(e) $94 million was provided by the City of Dallas for neighborhood equalization and economic development in the public housing project neighborhoods.

(f) $10 million was provided for mobility counseling to be used in connection with the Settlement Voucher program.

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

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

A. The final judgment that was entered by the Court in 1995,

B. The order modifying final judgment entered in 2004. This order includes a HUD manual on creating desegregated housing opportunities as exhibit 3 to the order,

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

At the inception of the Fair Housing Act, insurance companies took the position that they were not covered by the Act. However, in 1992 a Wisconsin Appeals Court determined that the Act "applies to discriminatory denials of insurance and discriminatory pricing that effectively preclude ownership of housing because of the race of an applicant." The case was a class action lawsuit brought by eight African-American property owners, the NAACP, and the American Civil Liberties Union against the American Family Insurance Company. The plaintiffs claimed they were either denied insurance, underinsured, or their claims were more closely scrutinized than Whites. American Family's contention was that the Act was never intended to prohibit insurance redlining. The appeals Court stated, "Lenders require their borrowers to secure property insurance. No insurance, no loan; no loan, no house; lack of insurance thus makes housing unavailable." A 1998 court verdict against Nationwide Insurance further reinforced previous court action with a $100 million judgment due to illegally discriminating against black homeowners and predominantly black neighborhoods.
Another case was settled for $250,000 in Maryland when Baltimore Neighbors, Inc., a non-profit organization, alleged that real estate agents were steering. Fine Homes' real estate agents were accused of steering prospective African-American buyers away from predominantly White neighborhoods and Whites were almost never shown homes in predominantly African-American zip codes.

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

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

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

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

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

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

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

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

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

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

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

Homelessness and the Fair Housing Act

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

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

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

Unfair Lending Practices

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

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

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

2.2. Enforcement

The Department of Housing and Urban Development enforces federal fair housing laws which prohibit discrimination in the buying, selling, rental or enjoyment of housing because of race, color, national origin, religion, sex, disability or familial status. The Fair Housing and Equal Opportunity (FHEO) Division of the Fort Worth, Texas Regional

Office is responsible investigations of fair housing complaints that are reported directly to their office. North Little Rock, Arkansas is part of the HUD Region VI that includes Arkansas, Oklahoma, Louisiana, New Mexico, and Texas.

When the HUD Regional Office investigates complaints of discrimination, an investigator generally spends time in the jurisdiction, on-site, interviewing the complainant, respondents, and witnesses, reviewing records and documentation, while observing the environment. A detailed discussion of the complaints filled with HUD follows in Section 2.5. When a complaint is filed with any of the jurisdictions, HUD is notified of the complaint. HUD will notify the violator of the complaint and permit all parties involved an opportunity to submit an answer. HUD will conduct investigations of the complaint to determine whether there is reasonable cause to believe the Federal Fair Housing Act has been violated. The complainant is then notified. A detailed discussion of the complaints filed with HUD follows in Section 2.5. A case is typically heard in an Administrative Hearing unless one party wants the case to be heard in Federal District Court.

Education and Outreach

The City of North Little Rock Community Development Department direct fair housing complaints to and makes referrals to HUD for enforcement. The Community Development Department also provides some limited information and outreach to the public on fair housing rights in North Little Rock. Education of the public regarding the rights and responsibilities afforded by fair housing law is an essential ingredient of fair housing enforcement. This should include outreach and education to the general public, landlords and tenants, housing and financial providers, as well as citizens, concerning fair housing and discrimination. It is important that potential victims and violators of housing and/or lending discrimination law be aware of fair housing issues generally, know what may constitute a violation, and what they can do in the event they believe they have been discriminated against. Likewise, it is important for lenders, housing

providers, and their agents to know their responsibilities and when they may be violating fair housing law.

Often, people may be unaware of their fair housing rights. Present day housing discrimination tends to be subtle. Instead of saying that no children are allowed, housing providers may impose unreasonable occupancy standards that have the effect of excluding families with children. Printed advertisements do not have to state, “no families with children or minorities allowed” to be discriminatory.

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

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

2.4. Regulatory and Public Policy Review

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

The zoning ordinances and development codes for the City of North Little Rock were examined to reveal any current ordinances or policies that impede fair housing choice.

The City of North Little Rock's land development codes and zoning regulations address affordable housing and the provision of making allowances through the code to allow the construction of a variety of types of housing including single family and multifamily housing. Regulations allow unrelated persons to reside in a single family structure and have adequate provisions for group homes and special needs populations. The Zoning and Development Policies for the City of North Little Rock does not provide incentives for developers to increase the production of affordable housing, and do not provide for reduced fees or expedited permitting and zoning to developers who propose affordable housing.

2.5. Analysis of Fair Housing Complaints

Fair housing complaint information was received from the U.S. Department of Housing and Urban Development and provides a breakdown of complaints filed for North Little Rock from August 1, 2010 through August 31, 2015. The complaints filed with HUD are received from the Fair Housing and Equal Opportunity (FHEO) Division of the Fort Worth Regional Office. A total of 75 complaints were filed according to one or more of seven bases, including: national origin, color, religion, familial status, handicap, sex, and race. Table 2.5.1, shows the breakdown. The total actually sums to 89 because some cases cited multiple basis for the complaint.

Table: 2.5.1: Fair Housing Complaints by Basis of Complaint August 2010 - August 2015

Protected Class	Race/ Color	National Origin	Familial Status	Handicap Disability	Sex	Religion	Retaliation Harassment	Total
2010	10			3	1		1	**15**
2011	8		3	3	3		1	**18**
2012	2		2	3	2			**9**
2013	6			6	4			**16**
2014	10			12	2		1	**25**
2015	3			3				**6**
Total	**39**		**5**	**30**	**12**		**3**	**89**

Of the 75 complaints, 37 cases were closed with a no cause determination, meaning that justification for the complaint was not applicable to the Fair Housing Act and 2 cases closed with cause. There were 12 cases dismissed due to Administrative Closure. There were 9 cases closed due to conciliation, 9 cases withdrawn with no action taken, and 6 cases remained open. Table 2.5.2 shows case closure by year.

Table: 2.5.2: Type of Case Closure (2010 - 2015)

Type of Closure	2010	2011	2012	2013	2014	2015	Total
Cases remain open					3	3	**6**
Case Conciliated / FHAP Judicial Consent Order	2		3	1	1	2	**9**
No Probable Cause / FHAP Judicial Dismissal	3	11	2	6	8	7	**37**
Cause				1	1		**2**
Withdrawn/No Action Taken	2	2	2		3		**9**
Unable to Locate Complainant / Complainant failed to cooperate							
Administrative Closure		4	1	3	3	1	**12**
Lack of Jurisdiction/Administrative							
Totals	**7**	**17**	**8**	**11**	**19**	**13**	**75**

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

2.6. Conclusions and Implications for Fair Housing Barriers and Impediments

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

Development Regulations - The City of North Little Rock's zoning ordinances, development codes and public policies were examined and did not reveal any current ordinances or policies that impede fair housing choice. The land development codes and zoning regulations address affordable housing and the provision of making allowances through the code to allow the construction of a variety of types of housing

Industry Practices - Real estate related publications advertising the sale or rental of housing and advertising home improvements and remodeling, directed toward persons in the North Little Rock area were reviewed. There were no violations of the Federal Fair Housing Act identified.

Entitlement Funding - An assessment of characteristics affecting housing production, availability, and affordability in North Little Rock and utilization of Federal Entitlement Grant funding was conducted, including the adequacy and effectiveness of programs designed and implemented utilizing CDBG and HOME Entitlement program funding. Funding was used appropriately and in accordance with HUD regulations to address impediments identified in previous Analysis of Impediments and affordable housing and community development needs of low and moderate income populations.

Fair Housing Complaint Data - Fair housing complaint information was received from the U.S. Department of Housing and Urban Development and provides a breakdown of complaints filed for North Little Rock from August 1, 2010 through August 31, 2015. The complaints filed with HUD are received from the Fair Housing and Equal Opportunity (FHEO) Division of the Fort Worth Regional Office. A total of 75 complaints were filed according to one or more of seven bases, including: national origin, color, religion, familial status, handicap, sex, and race. Of the 75 complaints, 37 cases were closed with a no cause determination, meaning that justification for the complaint was not applicable to the Fair Housing Act and 2 cases closed with cause. There were 12 cases dismissed due to Administrative Closure. There were 9 cases closed due to conciliation, 9 cases withdrawn with no action taken, and 6 cases remained open. Table 2.5.2 shows case closure by year.

Section 3: Focus Group Sessions and Community Engagement

Introduction

The City of North Little Rock, Arkansas followed its designated Community Participation Plan outlined in the 2015 Annual Plan in soliciting public input for developing the 2015 Analysis of Impediments to Fair Housing Choice. City of North Little Rock Community Development Department served as lead agency for the development of the Analysis of Impediments.

A Public Forum and Stakeholder Focus Group session was held on August 27th, at the City of North Little Rock City Hall, 300 Main Street. Participants in the session included City of North Little Rock appointed government representatives; non-profit organizations, housing and social service agencies representatives; real estate and financial industry representatives; and the general public and other community representatives.

Attendees for the Focus Group and Public Forum were gathered through email invitations sent to select resident and community leaders, organizations, industry professionals and public officials and a public meeting notice published in the local newspaper. At the Focus Group and Public Forum, general issues related to the housing market, neighborhoods conditions, community development needs and concerns pertaining to fair housing choice in the City of North Little Rock were discussed.

It should be noted that the comments summarized in this section represent the comments and views of the focus group participants. JQUAD has made every effort to document all comments as provides as matter of record. Therefore comments presented on the following pages represent our summary of the comments as we heard them, and we have made every effort to not alter those comments to reflect our analysis, investigation or substantiation of information obtained during the session. Focus Group comments were later analyzed and to

the extent substantiated or collaborated by the data and analysis, included in Section Six: Impediments and Remedial Actions. A summary of the comments from Focus Group participants are detailed in the section below.

3.1. Focus Group Concerns and Comments

Social-Economic Conditions

Social-economic issues were of major concern to participants in the focus group session. Frequently mentioned in the focus group session was the perceptions that lower income persons and seniors were particularly impacted as the supply of affordable housing in good condition becomes more limited and the cost to purchase homes or to rent housing continues to soar beyond the range affordable to many local area residents. Others believed the number of persons lacking sufficient income for housing and housing related cost was on the rise, severely impacting housing choice for the lowest income households. Participants indicated that insufficient income and cost burden is a major concern, especially elderly and lower income households. Quality of housing is suffering. Limited incomes are having an adverse impact on the condition and quality of single family owner occupied housing due to deferred maintenance and residents inability to afford maintenance and utility cost.

Housing Supply, Neighborhood Conditions, and Infrastructure and Regulatory Controls

Participants recommended the need for senior housing and renovations and building standards that support seniors aging in place; increased funding to support new affordable housing development and funding for emergency repair and substantial renovation of owner occupied housing. Others were concerned with landlord tenant disputes with tenants having little recourse when land lords fail to maintain property or when paying high utility cost due to a lack of energy

efficiency. Decreased funding for entitlement funded programs was also viewed as primary barriers to affordable housing.

Public Policy and Public Awareness of Fair Housing

Participants cited public awareness of fair housing rights as a concern. They felt that despite fair housing education, training and outreach programs funded locally, some residents appear to be unaware of their rights under fair housing law and that the number of violations reported and cases substantiated may be much lower than the number of violations actually occurring. Others felt that residents often fear retaliation by landlords and owners who violate the housing regulations, if they report maintenance and housing code violations to the city.

At least one participant voiced concern over city building code and enforcement relative to reasonable accommodations. Participant was also concerned that the city's system for applicants requesting reasonable accommodations is lengthy and many are denied. The building and zoning code regulations were in their opinion a deterrent to development and business development and expansion in North Little Rock. Participant did not believe that current city regulations incorporate requirements for ADA and Fair Housing. Participant also wanted ADA requirements addressed by public transportation system, citing the need for disabled persons in some instances to sit in the rear of the bus near the lift or other equipment once boarding the bus.

Access to Financial Institutions Products, and Basic Goods and Services

Predatory lending practices were identified as an issue. The perception was that predatory lenders are absorbing much of the market formerly controlled by FDIC insured banks and other reputable financial institutions and are fast becoming lenders of choice for low-income persons and those with limited income to pay for housing, transportation or other essential needs.

Lending, Foreclosures and the Mortgage Industry

The inability to obtain home mortgages was seen as a barrier that limits housing choice. Credit issues appeared to be the major barrier, based on focus group participants' comments. Financial literacy was considered a major issue and participants wanted a greater emphasis on financial literacy for special needs populations and financial literacy incorporated as a part of adult literacy programs.

Public Transportation and Mobility

Participants cited limited mobility and public transportation as impediments to housing choice and a major hurdle for low income persons. These limitations include a concern for seniors, disabled and severely mentally ill persons in need of affordable housing and public transportation in close proximity or convenient to affordable housing and services; and the lack of availability of public transportation for persons to travel back and forth to work, school, medical and social service facilities.

Special Needs Housing

Participants were concerned that greater funding needs to be provided for the elderly to age in place, and to provide housing for others in need of special needs housing.

3.2. Solutions

The JQUAD facilitator discussed some possible solutions for improving neighborhood conditions. Homeless and social service advocates supported increased emphases on centralized intake and case management, coordination of services, and homeless prevention. Participants also supported greater emphasis on financial literacy and housing consumer counseling.

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

Introduction

The Federal Financial Institutions Examination Council (FFIEC) gathers data on home mortgage activity from the federal agencies that regulate the home mortgage industry. The data contain variables that facilitate analysis of mortgage lending activity, such as race, income, census tract, loan type, and loan purpose. The FFIEC provides the HMDA databases and retrieval software on compact disk. Data can be summarized within the software package or downloaded in its raw form for analysis. For this analysis, the FFIEC databases were utilized for 2005 through 2013.

The data reported in this report are summarized by a variety of methods. Tables 4.1 and 4.2 provide information for North Little Rock and Pulaski County. Table 4.4 provides information for North Little Rock. Table 4.3 and the charts present the data by census tract income groups. The maps, provided at the end of this section, present data by census tracts for Pulaski County with city boundaries shown on the maps.

4.1. Analysis

Table 4.1 examines home loan activities in Pulaski County. Data are presented by loan type, ethnicity, income of the census tract, and loan purpose. In Pulaski County, White applicants represented the largest number of loan applicants at 58,738. Origination rates for Whites were over 61 percent. African-Americans were the next largest applicant group with 17,097 applications submitted and an origination rate of 25.3 percent, 36 percentage points lower than White rates. Hispanic origination rates were 42.2 percent, with about 870 applications reported. High-income applicants showed both the highest number of applications, at over 55,513, and the highest origination rate of about 59 percent. Both the number of applications and the origination rates drop significantly for all

other income groups, with 15,937 applications from middle income applicants and a 30 percent origination rate. Moderate Income applicants submitted approximately 11,170 applications resulting in an origination rate of just over 38 percent. Conventional loans account for the largest number of applications, at approximately 90,668, and the lowest origination rate of over 41 percent. Refinance loans show the highest number of applications for loan purpose, at 56,151 and the origination rate of over 43 percent. Home improvement loans had an origination rate of 46 percent with 4,805 loan applications. Home purchase loans had about 44 percent origination rate with 43,680 applications.

Isolating the census tracts within North Little Rock, White applicants represent the largest number of loan applicants at 8,757. Origination rates for Whites were 65 percent. African-Americans were the next largest applicant group with 2,500 applications submitted and an origination rate of 30.4 percent, about 35 percentage points lower than White rates. Hispanic origination rates were 44.1 percent, with 278 applications reported. High-income applicants showed both the highest number of applications, at 7,873, and the highest origination rate, at about 64 percent. Both the number of applications and the origination rates drop significantly for all other income groups, with over 2,459 applications from middle income applicants and 35 percent origination rate. Conventional loans account for the largest number of applications, at over 13,093, and the lowest origination rate, at about 46 percent. An evaluation of loan purpose reveals that home purchase loan applications were at 6,976 with an origination rate of 47 percent. Home Improvement loans had 776 applications with an origination rate of 47 percent. For refinance loans, the origination rate was about over 48 percent with 7,522 applications.

Table 4.2 displays the HMDA data for the same data categories (Loan Type, Ethnicity, Income, and Loan Purpose) for the county. On this table, however, percentages are taken within category, rather than demonstrating the percentage of applications that result in loan originations. For instance, the percentage of

originations in Table 4.2 indicates that 82.8 percent of originations for the county were for conventional loans whereas the origination rate is 41.5 percent from Table 4.1. For comparison, ethnic percentages were included under the "%Pop." column to compare the percentage of originations by ethnic group to their percentage in the population for that geography based on the 2009-2013 American Community Survey 5-Year Estimates.

For Loan Type, "Conventional" shows the highest percentages, at about 83 percent. FHA loans, which are government insured and have more stringent lending criteria, were approximately 10 percent of the originations. Referring back to Table 4.1, government insured loans had a significantly higher origination rate than conventional, at about 54 percent for government insured versus 42 percent for conventional.

In Pulaski County, for Ethnicity, "White" shows the highest percentage of originations at 79.1 percent of the total. The percentage of originations is about 20 percentage points higher than the percentage of Whites in the population at 59.4 percent. African-American applicants account for 9.5 percent of originations, while their presence in the population was 35.3 percent of all residents. Hispanic applicants accounted for less than two percent of all originations, with 5.8 percent of the total population.

For Income, the highest income group (>120% median) displays the highest percentage of originations, about 72 percent of all originations. In contrast, the very low-income group accounts for over two percent of all originations.

Loan Purpose data show that home purchase loans accounted for about 42 percent of the originations. Refinance loans were the most frequent purpose, over 53 percent. Home improvement loans accounted for about five percent of all originations.

Isolating the census tracts within North Little Rock, Whites show the highest percentage of originations of 78.4 percent of the total. The percentage of originations is about 21 percentage points higher than the percentage of Whites in the population at 56 percent. African-American applicants account for 10.5 percent of originations, while their presence in the population was 40.4 percent of all residents. Hispanic applicants accounted for less than two percent of all originations, with 7.1 percent of the total population.

For Income, the highest income group (>120% median) displays the highest percentage of originations, at 69 percent of all originations. In contrast, the very low-income group accounts for over two percent of all originations.

Loan Purpose data show home purchase loans accounted for 45 percent of the originations. Refinance loans were the most frequent purpose, at almost 50 percent. Home improvement loans accounted for five percent of all originations.

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

Origination rates for North Little Rock indicate that Very Low-Income applicants (<51% median) were successful 26 percent of the time, Low-Income applicants (51-80% median) 36 percent of the time, Moderate Income applicants (81-95% median) 39 percent of the time, Middle Income applicants (96-120% median) 35 percent of the time, and High Income applicants (>120% median) 64 percent of the time. When isolating the Low Income census tracts, the origination rates change dramatically. Very Low Income applicants were successful 19 percent of the time, a seven percentage point decrease than the overall success in the city. Middle Income applicants in very low-income tracts had a 20 percent origination rate, about 15 percentage points lower than in the city overall. High Income

applicants in Low Income tracts had a 24 percent origination rate, about 40 percentage points lower than in the city overall.

Comparing Very Low-Income tracts to High Income tracts, large differences are noted between origination and denial rates. Within High Income tracts, Very Low Income applicants were successful 32 percent of the time, about 13 percentage points higher than High Income applicants in the Very Low Income tracts. High Income applicants were successful 69 percent of the time in High Income tracts, about 45 percentage points higher than High Income applicants in Very Low Income tracts. Origination rates for Middle Income applicants in High Income tracts were over 24 percentage points higher than in the Very Low Income tracts. While this analysis does not provide conclusive proof that redlining exists, it is reasonable to expect that higher- income applicants would have relatively equal origination rates across all census tracts. The relatively small number of applications in the lower income tracts, however, makes any conclusions about redlining impossible.

Table 4.4 compares origination rates between minorities and White applicants for the various loan purposes and income groups. For all loan purposes shown, White origination rates are much higher than minorities. For home purchase loans, origination rates were over 58 percent for Whites and 25 percent for minorities, a difference of 13 percentage points. The rates for home improvement loans show an 18 percentage point difference and refinance loans show a 10 percentage point difference between minorities and White applicants.

Looking at the income group comparison, minorities actually have higher origination rate of over 13 percentage points than Whites in the lowest income group. In all the other income groups, White origination rates start to show an advantage. With Moderate-Income applicants (81-95% MFI), White origination rates were about 13 percentage points higher than Minorities. In the High Income group (>120% MFI), White origination rates were about 40 percentage

points higher. Within each income group, Whites and minorities are entering the loan markets with relatively equal incomes.

Chart 4.1 provides data on origination rates by census tract income for the loan types: conventional, FHA, and VA. As would be expected, government insured loans have higher origination rates in all income groups. Conventional origination rates closed the gap as incomes rise.

Chart 4.2 shows origination rates by ethnicity and income of the census tract. In all income tracts, White rates were exceeded by Asians. While Asian rates were higher than White rates, these numbers are based on relatively low numbers of applications. Hispanics showed higher origination rates than African-Americans.

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

Chart 4.4 looks at origination rates by loan purpose and income of the census tract. Applications for home purchase loans have a higher success rate as the tract income increases, as do home improvement and refinance loans, over 50 percent for the High Income tracts. Home purchase loans had marginally higher origination rates than Refinance loans. Home Improvement Loans have the highest origination rates in all income group of tracts.

Map 4.1 and Maps 4.3 through 4.6 present loan activities by census tract. The ratio of denials to originations was calculated for each loan purpose and loan type. Tracts shown in the darkest red indicate those areas where at least 75 applications are denied for every 100 applications that are originated. The medium red areas indicate those areas where between 50 and 75 applications are denied for every 100 applications originated. The mauve areas show 25 to 50 applications denied for every 100 applications originated. The pink areas show 0 to 25 applications denied for every 100 applications originated.

Map 4.2 shows the total number of loan originations by census tract. Less active areas are shown in the lighter colors, with the most active areas in dark red. Unlike the other maps, the light areas are meant to indicate areas of concern, either for a lack of loan activity or for their low rate of application originations in relation to denials.

A look at reasons for denial in the city showed that the majority related to the applicants' credit history or their debt-to-income ratio. In North Little Rock, about 3,800 (69%) denials were related to the applicants' credit history in the six years of the study. Approximately 1,100 (20%) denials were related to the applicants' debt-to-income ratio and over 600 (10%) denials were due to inadequate collateral in those same years.

4.2. Conclusions

In North Little Rock, the highest success in loan originations was in the refinance loans and the least success was in home purchase loans. In Pulaski County, the highest success in loan originations was in the home improvement loans. Home purchase and refinance loans showed similar origination rates in the county. Overall, the origination rates among Whites were higher than minorities in home purchase, home improvement, and refinance loans.

Refinance loans were the most frequent loan type in the county and the city. The loan applications and originations were significantly lower compared to their percentage in population for African-Americans and Hispanics in the county and the city. The analysis reveals two issues, the lack of applications from minorities and the disproportionate loan denials rates between Whites and some minority populations. One possible explanation for lower loan originations among minorities could be lack of credit history, poor credit history, or higher debt-to-income ratio. During the period between 2005 and 2013, the majority of loan denials for all applicants were related to the applicants' credit history.

While our analysis does not provide conclusive evidence of redlining, the data reveals that some characteristics of redlining may exist and therefore impacting lending decisions and higher denial rates in some of the very low-income census tracts in North Little Rock. While it is expected that very low-income applicants would not have a very high success rate in their loan applications, within the very low-income census tracts, even high-income applicants showed a poor success rate. Due to very low number of applications in the lower income census tracts, any conclusive determination of redlining is impossible for the city.

The higher denial rates for lower income groups, coupled with the possibility that characteristics of redlining may be adversely impacting originations in lower income concentrated census tracts, are indicative of impediments to fair housing.

Overall, lending activity has decreased during the analysis period due to economic slowdown and issues relative to the mortgage industry nationwide. However, the outlook for lending in this community remains positive since lower interest rates still exist for borrowers to buy housing or refinance existing higher interest loans.

Table 4.1

Home Mortgage Disclosure Act (HMDA) Analysis
Comparison of Number of Loan Applications and Origination Rates
City of North Little Rock and Pulaski County
2005 - 2013

	North Little Rock		Pulaski County	
	Number of App.s	Origin. Rate	Number of App.s	Origin. Rate
Loan Type:				
Conventional	13,093	45.9%	90,668	41.5%
FHA	1,365	56.0%	8,441	54.1%
VA & Other	825	59.3%	5,599	58.0%
Ethnicity:				
Native	54	45.4%	286	42.1%
Asian	100	69.3%	710	67.3%
Black	2,500	30.4%	17,097	25.3%
Hispanic	278	44.1%	870	42.2%
White	8,757	65.0%	58,738	61.2%
Other	288	33.2%	986	32.1%
Not Provided	2,251	19.0%	18,283	19.9%
Unknown	1,056	6.4%	7,738	3.3%
Income:				
<51% median (very low)	655	26.7%	4,221	22.2%
51-80% median (low)	1,278	36.0%	8,884	31.0%
81-95% median (moderate)	1,842	39.0%	11,170	38.1%
96-120% median (middle)	2,459	35.1%	15,937	30.0%
>120% median (high)	7,873	63.6%	55,513	58.6%
Unknown	1,177	3.2%	8,984	2.2%
Loan Purpose:				
Home Purchase	6,976	46.8%	43,680	43.5%
Home Improvement	776	47.1%	4,805	46.0%
Refinance	7,522	48.2%	56,151	43.1%
Multifamily	10	79.4%	72	76.0%
Totals	15,283	47.5%	104,707	43.4%

Table 4.2

Home Mortgage Disclosure Act (HMDA) Analysis
Comparison of Originations Within Categories
City of North Little Rock and Pulaski County
2005 - 2013

	North Little Rock			Pulaski County		
	# of Originations	% of Originations	%Pop.	# of Originations	% of Originations	%Pop.
Loan Type:						
Conventional	6,006	82.7%		37,627	82.8%	
FHA	765	10.5%		4,569	10.1%	
VA & Other	489	6.7%		3,247	7.1%	
Ethnicity:						
Native	15	0.1%	0.2%	120	0.2%	0.3%
Asian	39	0.5%	0.7%	478	1.1%	2.0%
Black	760	10.5%	40.4%	4,325	9.5%	35.3%
Hispanic	122	1.7%	7.1%	667	1.6%	5.8%
White	5,702	78.4%	56.2%	35,947	79.1%	59.4%
Other	96	1.3%	2.6%	317	0.7%	0.3%
Not Provided	428	5.9%		3,333	8.0%	
Unknown	98	0.9%		255	0.6%	
Income:						
<51% median	175	2.4%		935	2.1%	
51-80% median	460	6.3%		2,754	6.1%	
81-95% median	718	9.9%		4,256	9.4%	
96-120% median	863	11.9%		4,781	10.5%	
>120% median	5,006	69.0%		32,519	71.6%	
Unknown	38	0.5%		198	0.4%	
Loan Purpose:						
Home Purchase	3,263	45.0%		18,979	41.8%	
Home Improvement	366	5.0%		2,209	4.9%	
Refinance	3,622	49.9%		24,201	53.3%	
Multifamily	8	0.1%		55	0.1%	
Totals	7,260	100.0%		45,443	100.0%	

Table 4.3

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

	Number of Applications	Origination Rate
Low-Income Tracts		
<51% median	93	19.3%
51-80% median	114	20.4%
81-95% median	149	20.6%
96-120% median	250	19.8%
>120% median	393	24.4%
High-Income Tracts		
<51% median	485	32.2%
51-80% median	1,466	47.6%
81-95% median	1,969	53.9%
96-120% median	1,941	44.1%
>120% median	20,338	69.3%
Difference Between High and Low Tracts (percentage point difference)		
<51% median		12.9%
51-80% median		27.2%
81-95% median		33.3%
96-120% median		24.3%
>120% median		44.9%
Origination Rates for North Little Rock		
<51% median		26.7%
51-80% median		36.0%
81-95% median		39.0%
96-120% median		35.1%
>120% median		63.6%

*Data not available beyond 2010.

Table 4.4
Analysis of Home Mortgage Disclosure Act Data

HMDA Activity for North Little Rock, 2005-2013

		# Apps.	% Apps	% Denied	Orig. Rate
Home Purchase Loans					
	Minorities	1,732	24.8%	57.3%	24.8%
	White	4,068	58.3%	22.0%	58.3%
	Not Provided	1,176	16.9%	18.3%	12.9%
Home Improvement Loans					
	Minorities	173	22.4%	37.2%	22.4%
	White	308	39.7%	20.2%	39.7%
	Not Provided	295	38.0%	43.2%	29.0%
Refinance Loans					
	Minorities	2,138	28.4%	36.2%	28.4%
	White	2,897	38.5%	15.3%	38.5%
	Not Provided	2,488	33.1%	27.3%	22.1%
Income Groups					
<51% MFI					
	Minorities	304	46.4%	66.4%	46.4%
	White	217	33.2%	53.2%	33.2%
	Not Provided	134	20.4%	54.3%	12.4%
51 to 80% MFI					
	Minorities	386	30.2%	59.0%	30.2%
	White	524	41.0%	43.2%	41.0%
	Not Provided	368	28.8%	47.0%	12.8%
81 to 95% MFI					
	Minorities	602	32.7%	55.1%	32.7%
	White	841	45.7%	31.5%	45.7%
	Not Provided	399	21.6%	43.6%	22.6%
96 to 120% MFI					
	Minorities	818	33.3%	46.4%	33.3%
	White	1,323	53.8%	24.7%	53.8%
	Not Provided	318	13.0%	34.7%	23.0%
>120% MFI					
	Minorities	1,404	17.8%	36.5%	17.8%
	White	4,531	57.6%	11.3%	57.6%
	Not Provided	1,937	24.6%	27.3%	22.6%

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

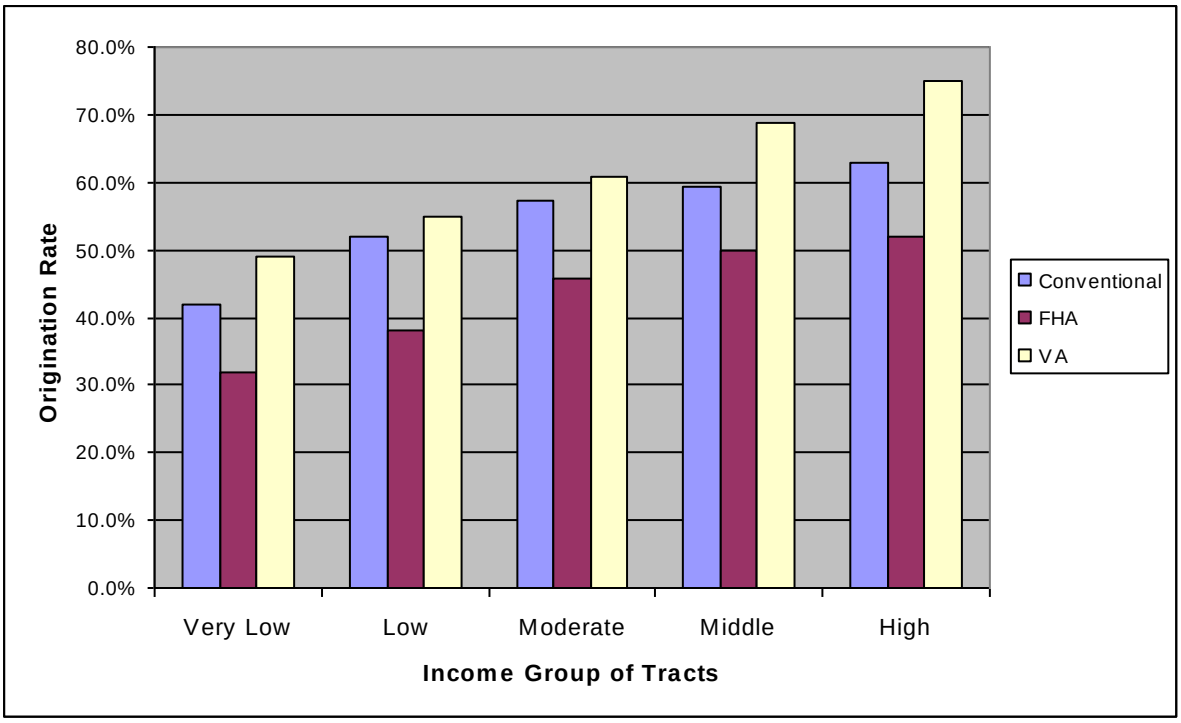


Chart 4.2: Origination Rates by Ethnicity by Income of Census Tracts

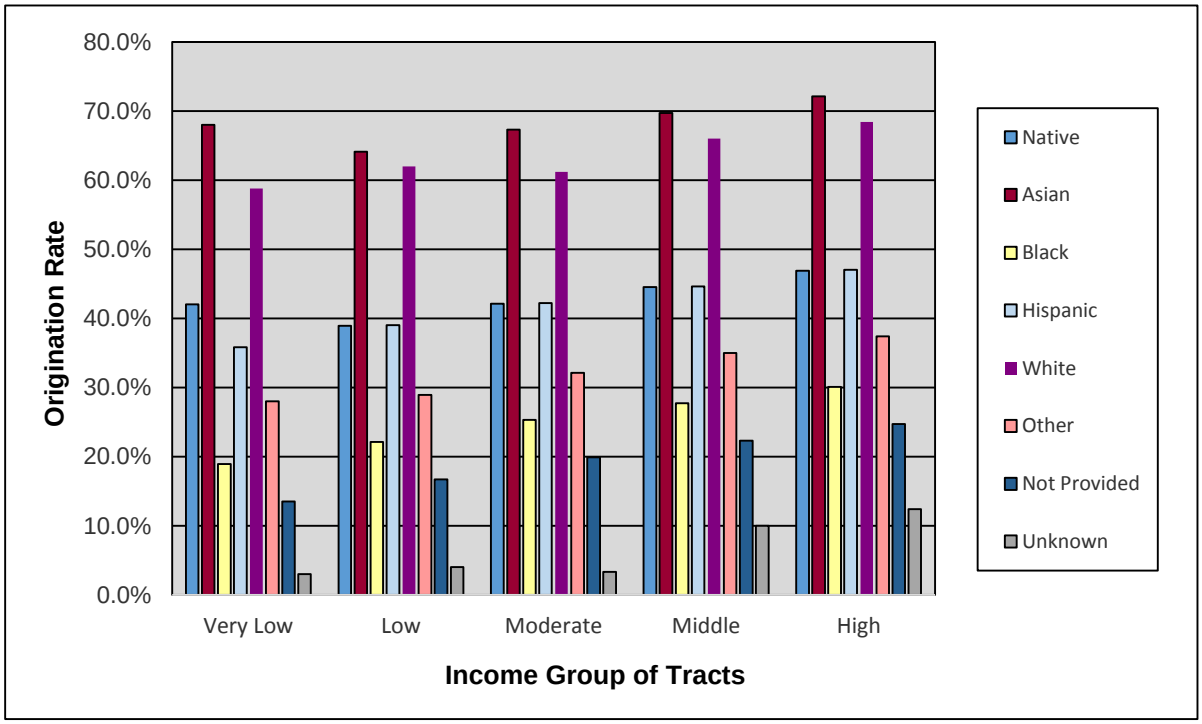


Chart 4.3: Origination Rates by Applicant Income by Income of Census Tracts

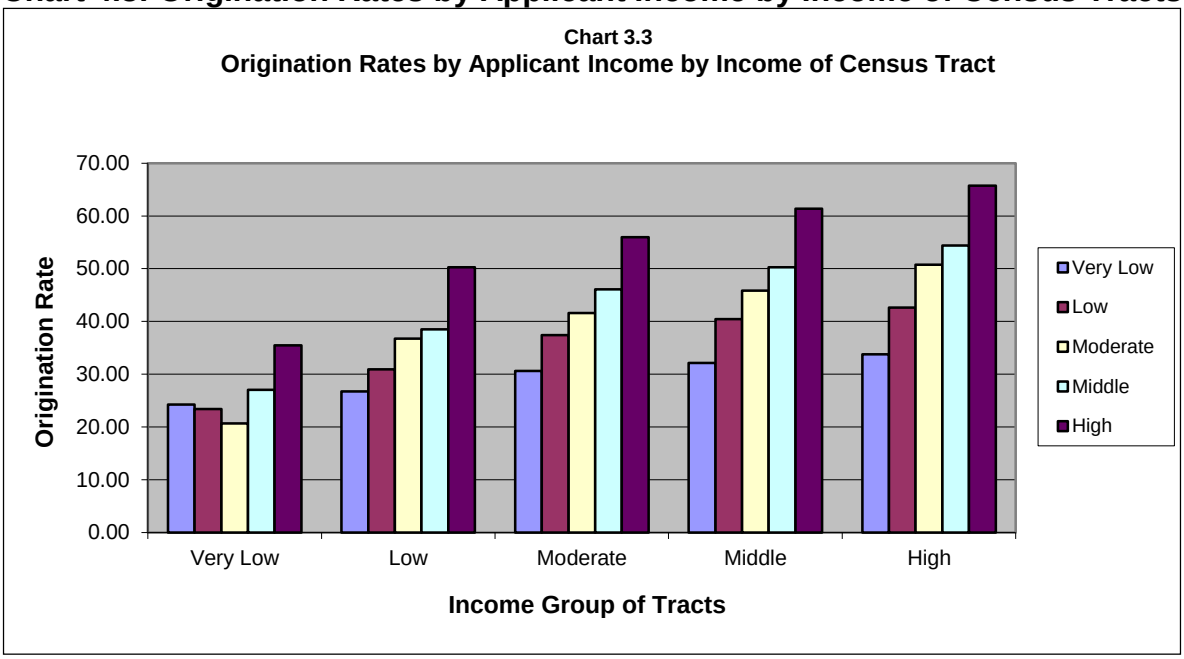
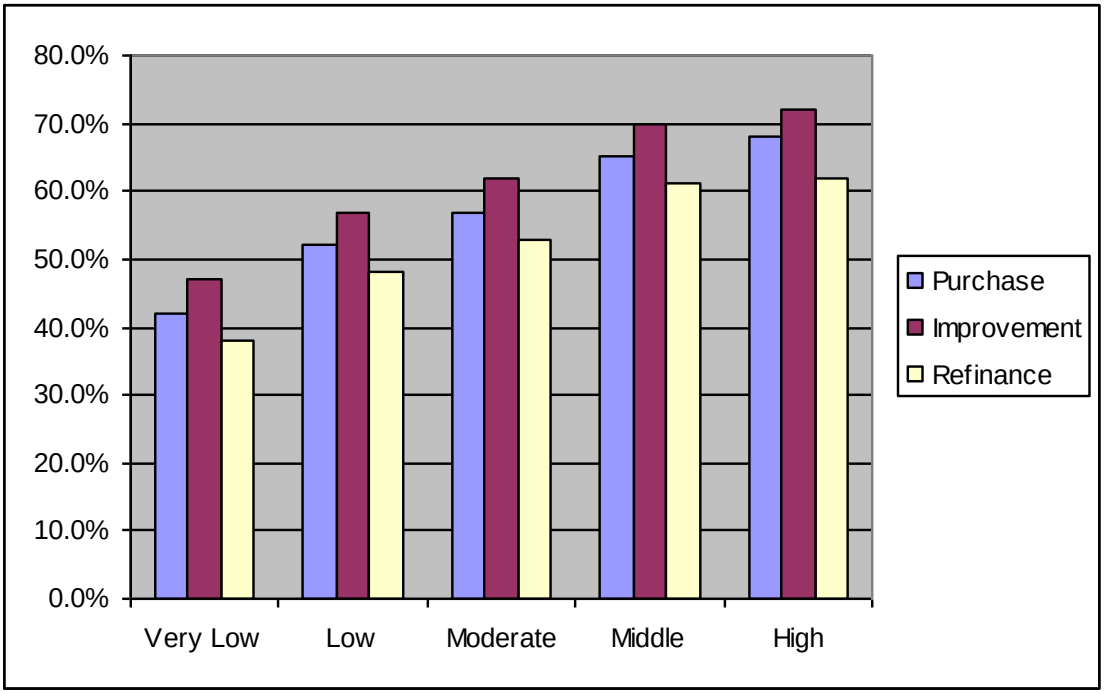
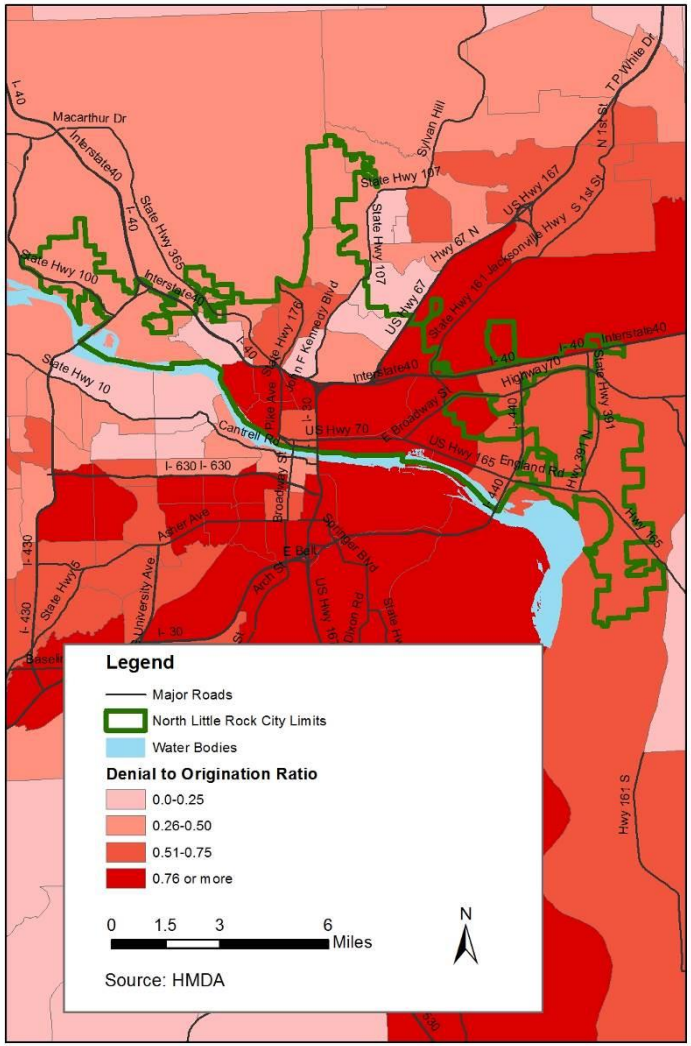


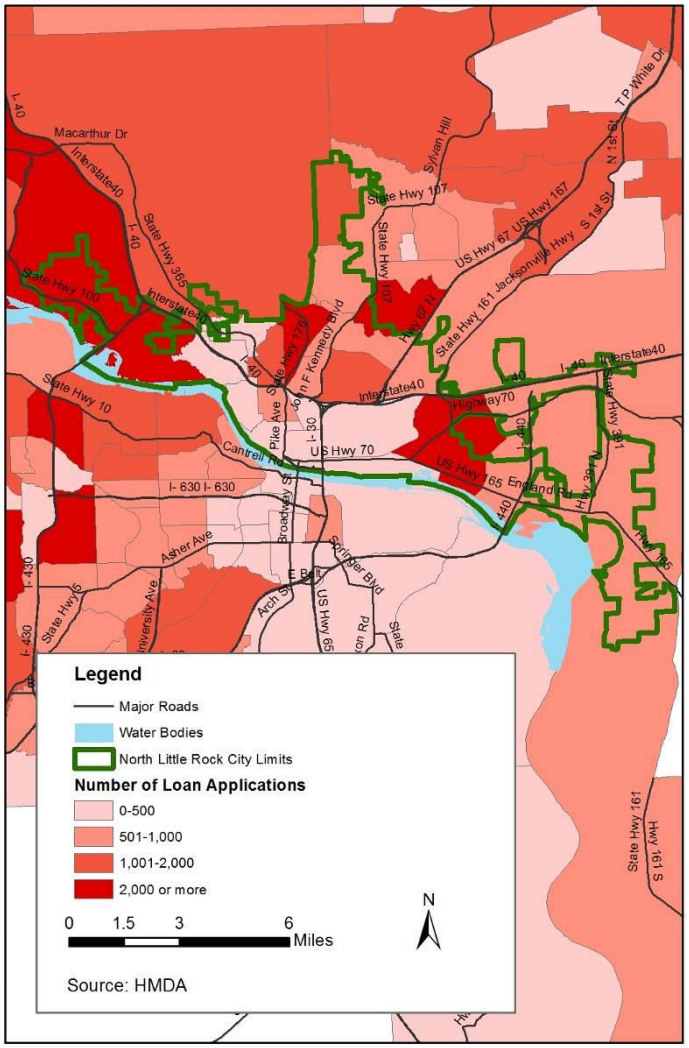
Chart 4.4: Origination Rates by Loan Purpose by Income of Census Tracts



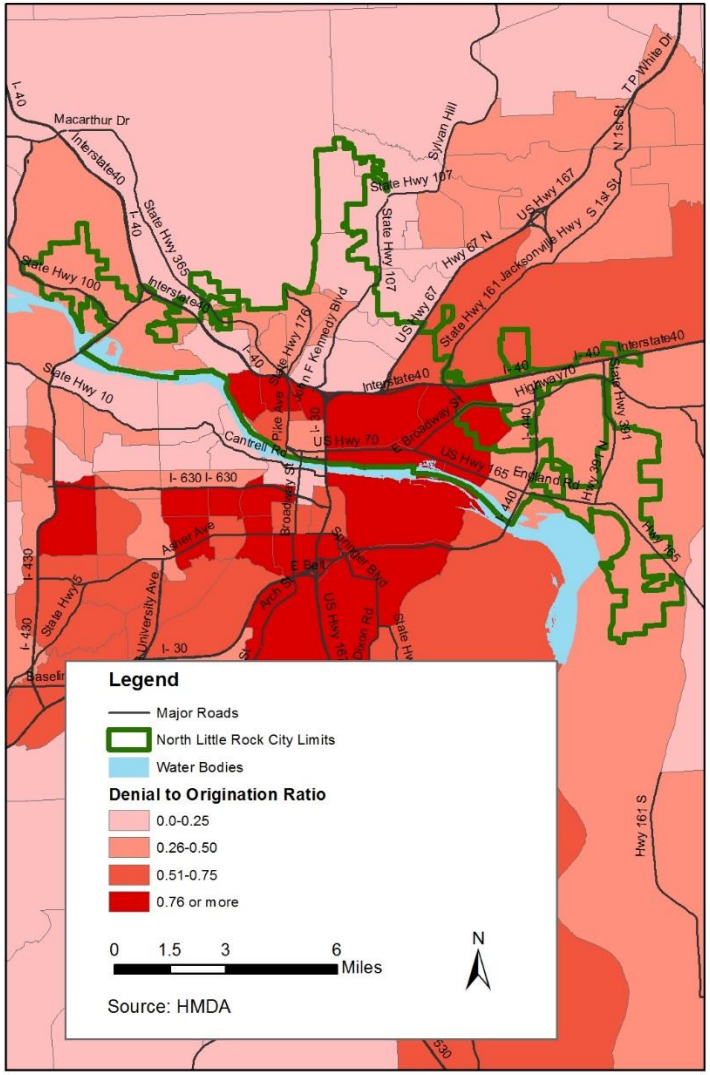
Map 4.1: Ratio of All Loan Denials to Originations, 2005-2013



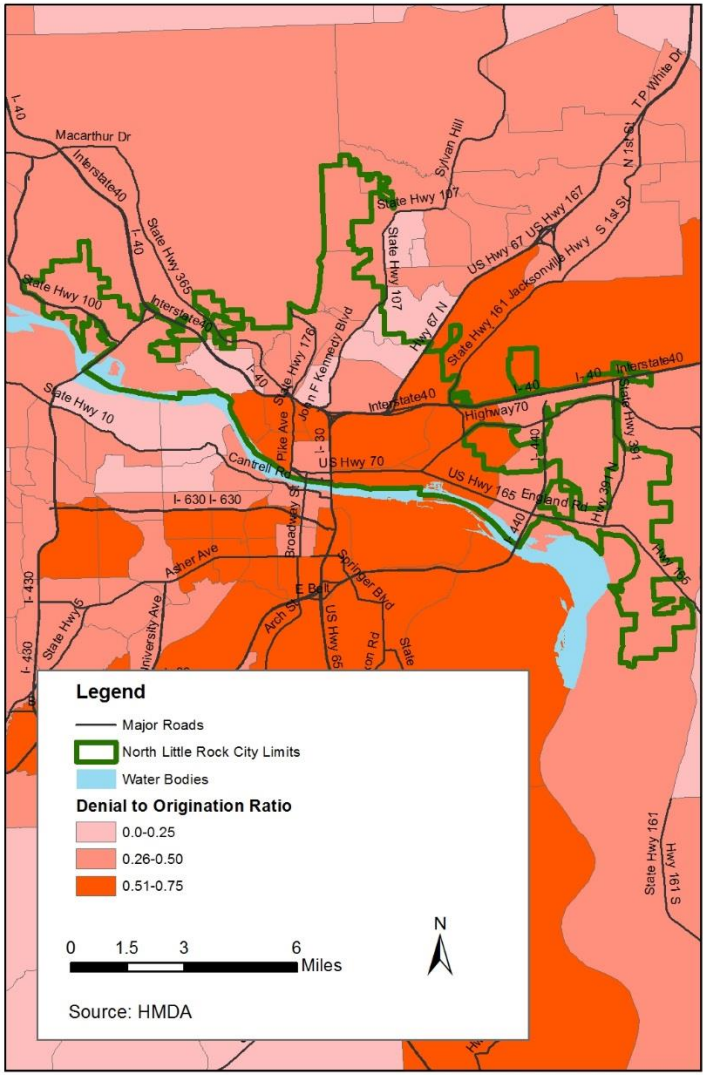
Map 4.2: Total Number of Loan Applications, 2005-2013



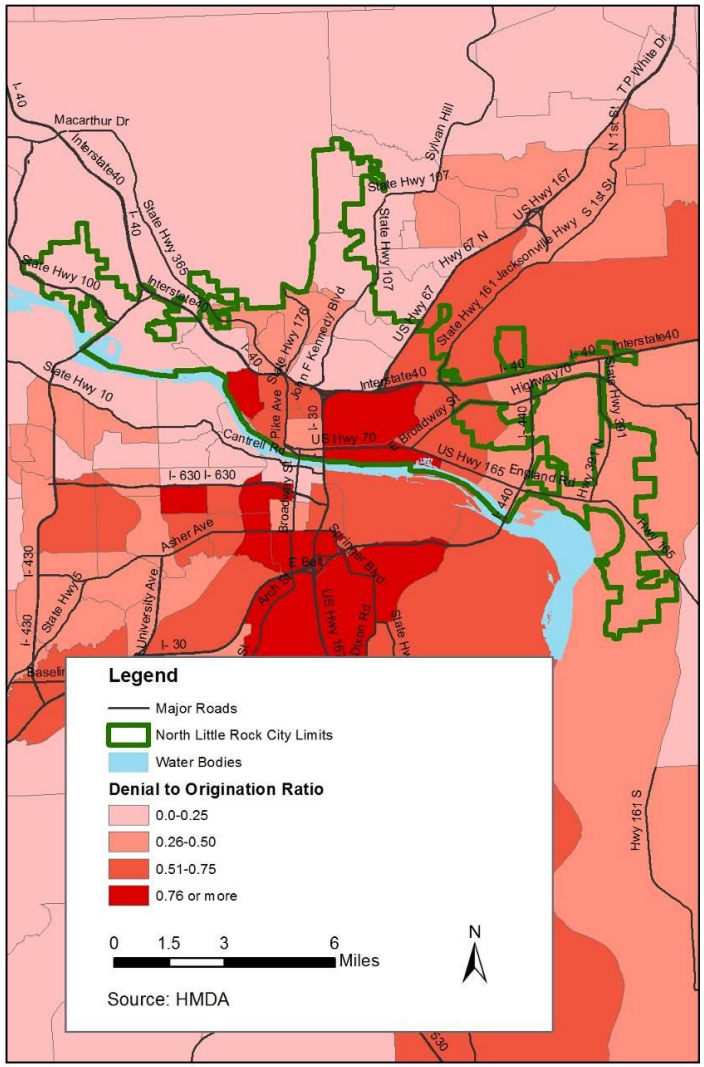
Map 4.3: Ratio of Conventional Loan Denials to Originations, 2005-2013



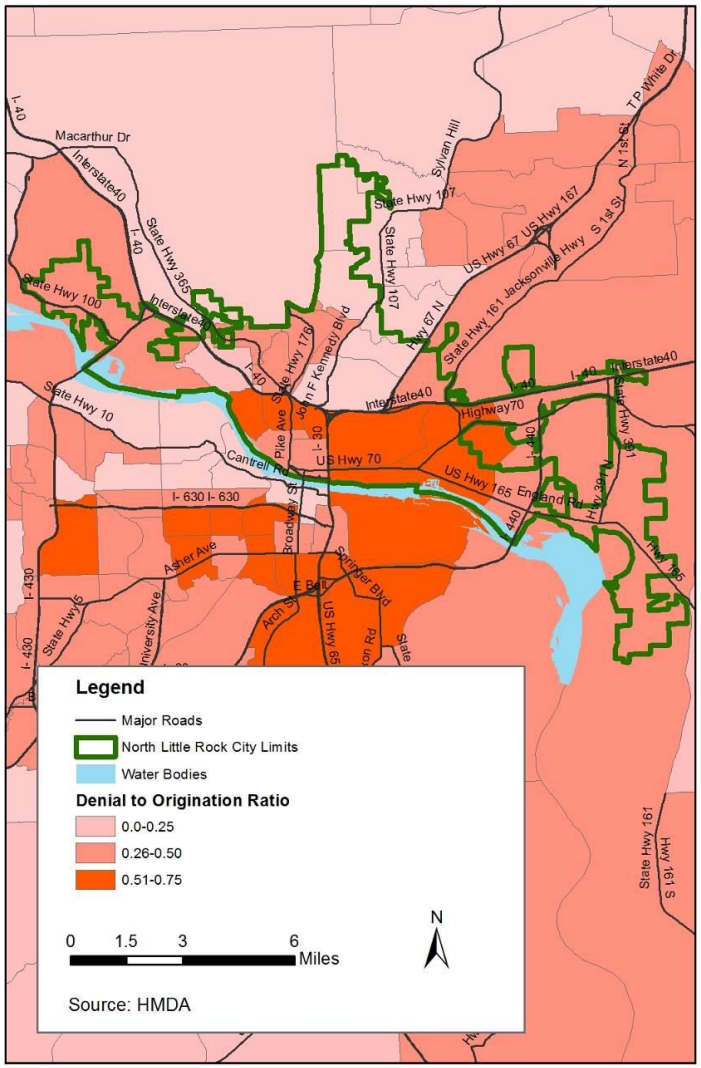
Map 4.4: Ratio of Government Backed Loan Denials to Originations, 2005-2013



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



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



Section 5: Fair Housing Index

Introduction

The Fair Housing Index is a measure developed specifically for Analyses of Impediments to Fair Housing. The index combines the effects of select demographic variables with Home Mortgage Disclosure Act (HMDA) data and maps the results by census tract. Data for ten variables, shown in the Fair Housing Index table are standardized and added to classify the conditions in various census tracts into degree of problems that may cause or contribute to the existence of impediments to fair housing choice. The map provides a general indication of geographic regions within North Little Rock where residents may experience some level of housing discrimination, impediments to fair housing or have problems finding affordable, appropriate housing. The analysis is highly technical and utilizes advance statistical research. Therefore, in addition to the methodology in Section 5.1 below that describes the statistical techniques, Section 5.2 presents the key findings in less technical terms.

5.1. Methodology

Data for ten variables were gathered, by census tract, for analysis. These ten variables were: percent minority, percent female-headed households with children, median housing value, median contract rent, percent of the housing stock constructed prior to 1960, median household income, percent of the population with less than a high school degree, percent of the workforce unemployed, percent using public transportation to go to and from work, and the ratio of loan denials to loan originations for 2005 through 2013 from the Home Mortgage Disclosure Act (HMDA) report published by the Federal Financial Institutions Examination Council. With the exception of the HMDA data, all data were found in the 2009-2013 American Community Survey (ACS) 5-Year estimates of Population and Housing. Each variable contained data for every census tract in the city as defined by the ACS estimates.

When the database was complete, Pearson correlation coefficients (a statistical measure that indicates the degree to which one variable changes in relation to changes in another variable and range in value from –1 to 1) were calculated to assure that all variables displayed a high relationship to each other. It is important, in this type of analysis, that the variables selected are measuring similar aspects of the population. The results of the calculations showed that all variables displayed moderate to high degrees of correlation with other variables in the model, ranging up to 0.8473.

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

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

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

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

Included following the map is the correlation table (Table 5.1). MedValue is the median home value according to the 2009-2013 ACS estimates. MedRent is the median contract rent. XMinority is the percent minority. XFemHH is the percent female-headed household. XPre60 is the percent of housing built prior to 1960. MedHHI is the median household income. XLessHS is the percent of the population 25 years of age and older that has less than a high school degree. XUnemp is the unemployment rate for the population aged 16 and older considered being in the labor force. XPubTrans is the percent utilizing public transportation to get to and from work. AllRat is the ratio of denials to originations from the HMDA data from 2005 to 2013.

5.2. Summary

Looking first at the correlation table (Table 5.1), several correlations are worth noting. High positive correlation is noted between the denials to origination ratio and the percentage of the pre-1960 housing stock (0.8194), which indicates that lower loan originations were found in the areas with older housing stock. The loan origination variable, the ratio of denials to originations for all loan types, has a moderate negative correlation to household income (-0.6249). This means that in areas with lower household incomes, the loan origination rate tends to be lower.

The correlation between percentage minority and percentage female-headed households with children is significantly high and positive (0.7148), meaning that the minority community has a higher rate of female-headed households with children than the non-minority community. The percentage of minority has a moderate positive correlation with unemployment rate (0.6512), which indicates that minorities have higher unemployment rates than non-minorities. The median household income has strong negative correlation with percent minority (-0.7376) and the percentage of female headed households with children (-0.7245). Also, the median housing value has moderate negative correlation with percent minority (-0.6892) and percent female headed households with children (-0.6531). This indicates that minorities and single mothers tend to earn lower incomes and live in lower valued housing.

The percentage not graduating from high school has a moderately strong, negative correlation to median household income (-0.6343). Non-high school graduates live in much lower value owner-occupied housing (-0.6227).

As indicated on Map 5.1, the census tracts designated as having High to Moderate Risk are concentrated in the central census tracts of North Little Rock. These areas of greatest concern contain the oldest housing stock, some in poor condition, with lower housing values and rents, and are primarily occupied by

minority households that have higher percentages of households headed by females with children than that of other census tracts or areas. There is a higher than average unemployment rate and lower than average level of educational attainment.

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

Map 5.1: Fair Housing Index – North Little Rock

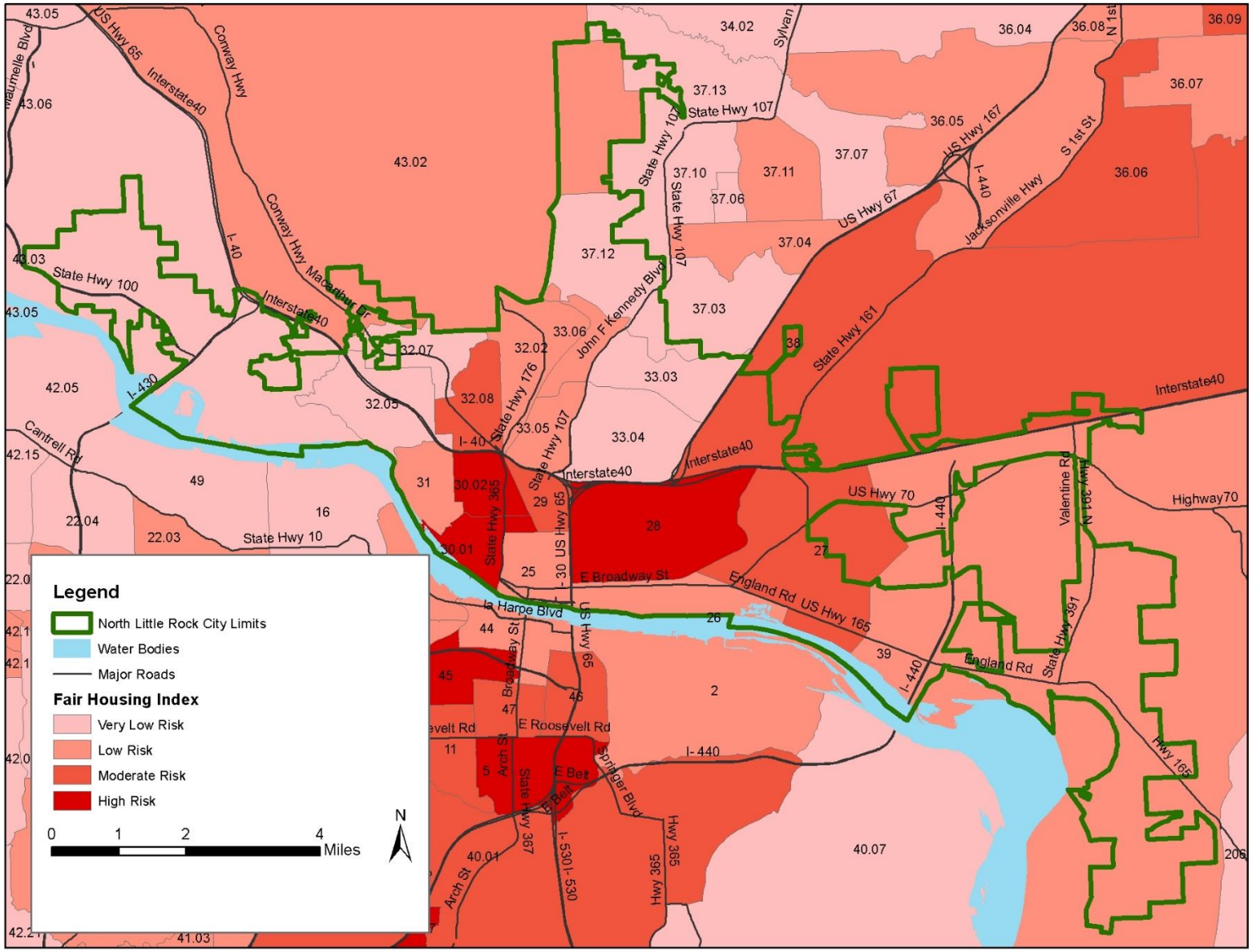


Table 5.1

Correlation Table of Index Variables

	AllRat	XPubTrans	XLessHS	XUnemp	MedHHI	XPre60	MedRent	MedValue	XMinority	XFemHH
AllRat	1.0000									
XPubTrans	0.0544	1.0000								
XLessHS	0.4251	0.3152	1.0000							
XUnemp	0.3352	0.0441	0.5365	1.0000						
MedHHI	-0.6249	-0.4367	-0.6343	-0.3885	1.0000					
XPre60	0.8194	0.3648	0.3534	0.2173	-0.2476	1.0000				
MedRent	-0.3111	-0.2007	-0.2465	-0.2345	0.2196	-0.3353	1.0000			
MedValue	-0.7626	-0.1347	-0.6227	-0.3963	0.8473	-0.4745	0.1307	1.0000		
XMinority	0.2047	0.1567	0.3945	0.6512	-0.7376	0.2102	-0.0868	-0.6892	1.0000	
XFemHH	0.5045	0.3533	0.3049	0.3474	-0.7245	0.1225	-0.2429	-0.6531	0.7148	1.0000

Variable	**Definition**
XFemHH	**% Female-Headed Households, 2009-2013**
XMinority	**% Minority, 2009-2013**
MedValue	**Median Home Value, 2009-2013**
MedRent	**Median Contract Rent, 2009-2013**
XPre60	**% of Housing Built Prior to 1960, 2009-2013**
MedHHI	**Median Household Income, 2009-2013**
XLessHS	**% Less than High School Degree, 2009-2013**
XUnemp	**% Unemployed, 2009-2013**
XPubTrans	**% Taking Public Transportation to Work, 2009-2013**
AllRat	**Ratio of Denials to Originations, All Loan Types, 2005- 2013**

Section 6: Impediments and Recommended Remedial Actions

Introduction

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

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

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

improvements needed to support new affordable housing, the renovation of existing affordable housing, as well as mobility and public transportation.

The Community Profile, Fair Housing Index and Home Mortgage Disclosure Act components of this report were analyzed to identify any census tracts that were Racial – Ethnic and Poverty Concentrated Areas (RCAP-ECAP) as defined by the U.S. Department of HUD. RCAP-ECAP areas are defined as meeting 3 criteria: census tracts having 40% or greater or 3 times the tract level of poverty of the MSA; 50 percent or greater racial and ethnic concentrations; and areas impacted by historical concentrations of public and assisted housing. Map 1.8 in the Community Profile depicts the census tracts defined as concentrated and segregated as defined by the HUD R/ECAP Calculation.

The poverty rate in the Little Rock-North Little Rock-Conway MSA is 14.8 percent. Three times the poverty is 44.5 percent, so 44.5 percent is the poverty threshold for the RCAP-ECAP criteria for the city. There are three census tracts in the central area of the city that meet the RCAP-ECAP criteria.

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

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

6.1 Real Estate and Housing Market Related Impediments

Impediment: Housing Affordability and Insufficient Income.

Determinant: The inability to qualify for mortgage financing and a lack of affordability in rental housing are impeding housing choice in the City of North Little Rock. In order to acquire housing, more households are “cost burdened”, paying more than 30% of income for housing or “severely cost burdened”, paying more than 50% of household income for housing by HUD standards.

The cost of housing compared to the incomes of households reveals that incomes are not keeping pace with the market cost of housing. There is a lack of housing affordable to population groups making less than 60%, 50% and 30% of Area Median Income (AMI). Minimum wage is far below a 'living wage', and a person could be working full-time and still not earn enough money to afford rental housing or to purchase a home in the City.

Determinant: Lack of affordability**,** that is households having inadequate income to acquire housing currently available in the market, may be the most critical impediment faced by households in the City. The analysis included the correlation between median home values and household income, and the distribution of income across income classes for Whites, African-American, Asians and Hispanics.

The median housing value in the city was $118,200 and the median contract rent was $586 between 2009 and 2013. The average income required to qualify for a mortgage based on the median home value of $118,200 for the City is approximately $30,000 to $45,000 in household income and the average income to qualify for a contract rent of $586 is $25,000 to $30,000. As a reference, $30,000 per year is approximately $14.42 per hour for a forty-hour workweek, 52 weeks a year for a single wage earner. According to the 2009 - 2013 ACS estimates (5-Year average), approximately 47.5 percent of African Americans, 24.5 percent of Hispanics, and 20.9 percent of Whites earn annual household incomes of less than $25,000, making housing affordability a concern for large segments of the City's population regardless of race and ethnicity.

Overall, the income distribution data show modal and median incomes above $25,000 for White and Hispanic ethnic and racial groups but reveals some disparity in the income distribution among African American populations in the City of North Little Rock. The median household income was $41,876 for White households, $25,068 for African-American households, and $27,500 for Hispanic households, compared to $36,618 for the overall city. The modal income classes (the income classes with the highest number of households) for Whites was the $50,000 to $74,999 with 21.8 percent of Whites in this income range. The most frequently reported income for African-American households was the $15,000 to $24,999 range with 18.3 percent of African-Americans in this range. The most frequently reported income for Hispanic households was the $25,000 to $34,999 range with 33.7 percent of Hispanics in this range.

Paying more than 30 percent on housing expenses is considered "Cost Burdened" and paying more than 50 percent on housing expenses is considered "Severely Cost Burdened". Citywide, 64.5 percent of the renter households that earned between $20,000 to $34,999 and 23.2 percent of the renter households that earned between $35,000 to $49,999 spent more than 30 percent of their household income towards rent during the five-year period of 2009 - 2013. Cost burden among homeowners is highest for persons earning less than 30 percent of median income as would be expected. However, the income data also shows 22.2 percent of owner households were 30 percent or more cost burden and 7.6 percent of the owner households were 50 percent or more cost burden during the same period.

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

Impediment #2: Areas where minorities and lower income households are most likely to find housing affordable are in older neighborhoods with older housing stock, and some that are minority and low income concentrated census tracts. The demographic characteristics of these areas are disparately impacting their ability to acquire housing of their choice. As indicated on Map 5.1, the census tracts designated as having High to Moderate Risk are concentrated in the central census tracts of North Little Rock. These areas are shown in dark red and red on the map.

Impediment #3: Household Incomes are not keeping pace with the market prices of housing and many households are "cost burdened" paying more than 30 percent and even "severely cost burdened" by HUD definition paying 50

percent or more of their household income for housing and housing related expenses.

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

Recommended Remedial Actions:

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

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

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

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

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

6.2 Public Policy and Fair Housing Infrastructure Impediments

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

Determinant: City and State Fair Housing regulations were compared to the Federal Fair Housing Act and the analysis has determined that the City of North Little Rock has not enacted regulations that offer similar rights, remedies, and enforcement to the Federal Fair Housing Act. State of Arkansas Fair Housing regulations are construed as being substantially equivalent to the Federal Fair Housing Act. It is important to note that neither the State Act nor the Federal Act offer protections for persons based on “source of income for housing” or those receiving “public assistance”. Persons living in North Little Rock who are low-income, live on fixed incomes, have incomes sources limited to public assistance, or prior rental histories that included shelters and public and assisted housing, including housing choice vouchers, are not currently protected as class members under the State or Federal Fair Housing Acts.

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

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

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

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

Recommended Remedial Actions:

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

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

Action #8: Encourage Fair Housing Enforcement Agencies to target increase fair housing testing for multifamily properties. City of North Little Rock will encourage HUD to provide increased fair housing testing in local apartment complexes. The testing program looks for evidence of differential treatment among a sample of local apartment

complexes. Following the test, HUD will be asked to share its findings with the City that will offer outreach to landlords that showed differential treatment during the test.

6.3 Banking, Finance, Insurance and other Industry related impediments

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

Determinant: Overall, the number of applications and origination rates among Whites were higher than that of minorities in all loan types home purchase, home improvement and refinance loans. Hispanics and African-Americans accounted for lower percentage of loan applications and originations compared to their percentage in population in the City of North Little Rock. Whites show the highest percentage of originations of 78.4 percent of the total. The percentage of originations is about 21 percentage points higher than the percentage of Whites in the population at 56 percent. African-American applicants account for 10.5 percent of originations, while their presence in the population was 40.4 percent of all residents. Hispanic applicants accounted for less than two percent of all originations, with 7.1 percent of the total population.

Determinant: A lack of financial literacy and credit are limitations faced by many in acquiring housing of their choice. The analysis of HMDA data and the reported reasons for denial of loans showed that the majority related to the applicants' credit history or their debt-to-income ratio. In North Little Rock, about 3,800 (69%) denials were related to the applicants' credit history in the six years of the study. Approximately 1,100 (20%) denials were related to the applicants' debt-to-income ratio and over 600 (10%) denials were due to inadequate collateral in those same years.

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

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

Recommended Remedial Actions:

Action #9: City of North Little Rock will support applications for competitive and non-Entitlement State and Federal funding and assistance to nonprofit intermediaries providing financial literacy education programs. Financial literacy

will be emphasized as a means of preventing poor credit and understanding the importance of good credit.

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

Action #11: City of North Little Rock will encourage the appraisal industry to evaluate concerns that comparability for new affordable housing units when evaluated for financing is limited in some areas if new housing construction has not occurred in recent years. Industry representatives should be encouraged to perform comparability studies to identify real estate comparables that more realistically reflect the values of new homes being built in lower income areas as a means of supporting infill housing development. The City does not have regulatory authority to address this concern. Therefore, this recommendation is dependent on industry action from financial and appraisal industry to help address this issue.

6.4 Socio-Economic Impediments

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

Determinant: The Community Profile, Fair Housing Index and Home Mortgage Disclosure Act (HMDA) Analyses all revealed disparate impacts on minority and low income populations when comparing income, educational attainment, poverty, unemployment, mortgage and housing lending, homeownership and other characteristics to that of Whites. In areas where minorities and lower

income households are most likely to find housing affordable, the demographic characteristics areas are disparately impacting their ability to acquire housing of their choice.

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

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

Determinant: Homeless Individuals. The primary barrier to housing choice for homeless individuals is insufficient income. Service providers indicate that many

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

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

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

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

Recommended Remedial Actions:

Action #12: City of North Little Rock will continue to support language assistance to persons with limited English proficiency.

Action #13: City of North Little Rock will continue to encourage recruitment of industry and job creation that provide “living wages”, incomes to pay for basic

necessities of food, shelter, transportation, to persons currently unable to afford market rate housing.

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Action #14: City of North Little Rock will support developments requesting State assistance that provides alternative housing product choices for seniors such as Low Income Housing Tax Credits and Senior Housing Tax Credits.

6.5 Neighborhood Conditions Related Impediments

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

Determinant: The potential for neighborhood decline and increasing instability in City of North Little Rock's older neighborhoods is a growing concern. Neighborhoods relatively stable today will decline if routine and preventive maintenance does not occur in a timely manner. The population is aging, which means more households with decreasing incomes to pay for basic maintenance and renovations. Rental property owners will be faced with increasing rents to pay for the cost of maintenance and updating units rendering rental units unaffordable to households as well.

The City must increase activities and programs that provide support for residents and landlords unable to keep pace with the maintenance demands of housing, an aging housing stock, and support those persons unable to maintain their properties on their own. This will enhance and support a healthy neighborhood "Image and Identity" and help attract new residents and retain existing residents and businesses.

Most of all, there is a need to encourage participation and cooperation from residents to maintain their homes, and to actively participate in community empowerment activities and self-help initiatives in older neighborhoods.

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

Recommended Remedial Action:

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

- **Increase self-help "fix-up," "paint-up or clean-up" campaigns.** In order to increase resources available for these efforts, neighborhood residents, religious institutions, community organizations, individuals, and corporations would be recruited to participate in the repair to homes occupied by elderly, disabled, and indigent homeowners.

- **Organize a "Compliance Store"** where home builders, building supply stores, merchants, and celebrities, such as radio and television personalities, are used to demonstrate simple, cost effective ways to make improvements to houses and donate building supplies for use in self-help projects. The supplies and storage facility for supplies could be provided to enrollees by building supply stores, contractors, and hardware stores.

- **Organize "adopt-a-block" and "adopt-an-intersection" campaigns** where neighborhood groups, residents, scout troops, and businesses adopt key vistas and intersections to maintain and implement beautification projects, such as flower and shrub plantings and maintenance.

- **Creation of Community Gardens as interim uses on select vacant lots** providing an opportunity for neighborhood residents to work together to increase the attractiveness of their neighborhood.

Section 7: Oversight, Monitoring and Maintenance of Records

Introduction

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

Oversight and Monitoring

The Analysis of Impediment process has been conducted under the oversight and coordination of the City of North Little Rock Community Development (CD) Agency with the support of an independent consultant.

The CD Agency has been designated as the lead agency for the City of North Little Rock with responsibility for ongoing oversight, self-evaluation, monitoring, maintenance and reporting of the City's progress in implementing the applicable remedial actions and other efforts to further fair housing choice identified in this report. Community Development, as the designated lead agency, will therefore provide oversight, as applicable, of the following activities.

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

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

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

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

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

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

Maintenance of Records

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

■A copy of the 2016 Analysis of Impediments to Fair Housing Choice and any updates will be maintained and made available upon request.

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

■An update of the City's progress in implementing the FY 2016 AI will be submitted to HUD at the end of each program year, as part of City of North Little Rock's Consolidated Annual Performance and Evaluation Report (CAPER).