

Analysis of Impediments to Fair Housing Choice

The State of Arizona
2010



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introduction

Purpose

In order to carry out the intent of Federal Fair Housing legislation, the United States Department of Housing and Urban Development (HUD), Fair Housing and Equal Opportunity (FHEO) division, requires that Community Development Block Grant (CDBG) entitlement jurisdictions comply with regulations to affirmatively further fair housing. This mandate is carried out by the CDBG jurisdictions, in part, by completing an Analysis of Impediments to Fair Housing Choice in their jurisdictions. The State of Arizona is a CDBG Entitlement Jurisdiction and has authorized the Arizona Department of Housing (ADOH) to conduct this analysis. HUD grantees are required to do the following:

- Complete or update an “Analysis of Impediments to Fair Housing Choice” (AI) pursuant to HUD’s Fair Housing Planning Guidebook every three to five years in coordination with the Consolidated Planning Process.
- Use their comprehensive AI study as the basis to formulate a “Fair Housing Plan” with measurable “actions to be taken to overcome the effects of any impediments” and take those appropriate actions.
- Maintain records, including their AI study and records to support actions taken and to be taken in regard to implementing the Fair Housing Plan.

This AI will review current information and data available from a number of sources, identify current impediments to fair housing in the state’s jurisdiction, evaluate the efficacy of the 2006 Plan of Action and develop a new Plan of Action to address current impediments.

This AI is a supporting document to the 2010 - 2014 State of Arizona Consolidated Plan and should be reviewed and evaluated within the context of that plan.

Definition of Impediments to Fair Housing Choice

HUD defines impediments to fair housing choice as follows:

- Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin that restricts housing choices or the availability of housing choice.

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

Arizona's Fair Housing Goals

Primary Goals

The State's primary goals in developing this AI and implementing the Plan of Action are consistent with HUD objectives in requiring CDBG jurisdictions to affirmatively further fair housing (AFFH) and include the following:

1. Strive to eliminate all forms of illegal housing discrimination in the state of Arizona.
2. Actively promote fair housing choice for all persons in Arizona.
3. Provide opportunities for inclusive patterns of housing occupancy regardless of race, color, religion, sex, familial status, disability and national origin.
4. Actively promote housing that is structurally accessible to, and usable by all persons, particularly persons with disabilities within Arizona.
5. Foster compliance with the nondiscrimination provisions of the Fair Housing Act in Arizona.

Intermediate Goals

The State of Arizona has established the following intermediate goals to facilitate achieving the five primary goals identified above:

1. Maintain a firm and continued commitment to the analysis, planning, and implementation necessary to achieve fair housing goals.
2. Guarantee oversight by ADOH to ensure an ongoing fair housing program.
3. Create a comprehensive Analysis of Impediments to Fair Housing Choice (AI) document, and devise a carefully structured plan for addressing impediments that are firmly grounded in the AI's conclusions.
4. Take effective actions based on a realistic assessment of available resources.

5. Increase cooperation between public and private agencies in promoting public awareness of fair housing issues.
6. Educate the public on fair housing issues.
7. Effectively enforce fair housing laws.
8. Increase community awareness and promote equal housing opportunity and fair housing choices statewide.

Methodology

The Southwest Fair Housing Council (SWFHC) drafted this AI under contract to ADOH. ADOH reserved the right to make final edits and a number of these are contained in this draft.

SWFHC collected information and data for this AI from the following sources:

1. Reports and studies conducted and provided on a local, state and national level.
2. The State of Arizona Consolidated Plans for 2005-2009 and 2010-2014.
3. Interviews with 20 individuals informed on housing issues and who were located either in non-metro areas or with agencies whose service area was statewide. The interviews consisted of both structured and open-ended questions.
4. A survey of approximately 500 non-metro residents of the state.
5. Newspaper articles and other publications.
6. Data from public and private agencies including HUD, the State Attorney General's Office, Civil Rights Division (AG), ADOH and SWFHC.
7. Discussions in the context of training sessions for housing providers by SWFHC staff.

jurisdictional background data

Arizona's current fair housing issues have been shaped in part by its geography, climate, history and demographics. Acknowledging and understanding these dynamics places fair housing issues in perspective and helps to create appropriate and effective responses.

Geography

Arizona is divided into two distinct geographical areas. Northern Arizona lies on the fringe of the Colorado Plateau, an area of dry plains more than 4,000 feet high with deep canyons - including the Grand Canyon - carved by the Colorado River. Along the little Colorado River, which runs northwest through the plateau to join the large Colorado, lies the Painted Desert, where erosion has left colorful layers of sediment exposed, and the Petrified Forest National Park, one of the world's most extensive areas of petrified wood. South of the Grand Canyon are the San Francisco Peaks, including Humphrey's Peak, the highest point (12,655 feet) in the state. An escarpment called the Mogollon Rim marks the southern edge of the Colorado plateau.¹

The southern half of the state has desert basins broken up by mountains with rocky peaks extending northwest to southeast across central Arizona. To the south, the Gila River, a major tributary of the Colorado, flows west across the entire state. This area has desert plains separated by mountain chains running north and south. In the west in the region around Yuma, the plains lose altitude and approach sea level moving towards the Colorado River delta and the Sea of Cortez in Mexico.²

Although some mountain peaks receive an annual rainfall of more than thirty inches, annually precipitation in most of the state is low. Since the early 20th century, massive irrigation projects have been built in Arizona's valleys. The Roosevelt, Horse Mesa, Mormon Flat and Stewart Dams irrigate the Salt River Valley. The Gillespie Dam along the Gila River irrigates the Yuma area. The Coolidge Dam serves the area near Casa Grande in the Southeast. Finally, the Hoover, Glen Canyon, Davis and Parker, Imperial, and Laguna Dams along the Colorado serve California and Arizona. The Parker Dam feeds the Central Arizona Project that diverts water to Phoenix and Tucson via canal.³

¹ Moon Handbooks: Arizona, Bill Weir. http://www.arizonahandbook.com/AZ_the_land.htm.

² Moon Handbooks: Arizona.

³ www.infoplease.com

Much of Arizona's history has been shaped by a limited water supply and competition for this scarce resource. The economic and residential patterns today are largely the result of political battles and policies to harness power and divert water for agriculture, mining, manufacturing and residential development from the rivers in, or adjacent to, Arizona. The battle has been both between power factions within the state and between states and the disparity between economies in localities today is largely a reflection of who won and who lost.⁴

Racial and Ethnic History

The original residents of Arizona can be traced back more than 15,000 years, and distinct cultures began to emerge between 2000 and 500 B.C. The Spanish conquered Mexico in the 16th century. The first Spanish expedition set foot in Arizona in 1539 only to find hostile villages. It was not for another hundred years before the Spanish came back to Arizona and developed settlements and missions in the 18th century. These events created a Hispanic culture in Arizona that was distinct from Native American culture, and, to an extent, in competition and conflict with it.⁵

Europeans and Americans trickled into Arizona in the early 1800s, primarily in search of furs and minerals.⁶ As migration increased, white Anglo Americans began to see the cultural, economic and political domination of Arizona as their "manifest destiny." The War with Mexico (1846-48) ended with the Treaty of Guadalupe Hidalgo, which ceded all Mexican territory north of the Gila River to the United States. The Gadsden Purchase in 1853 completed the acquisition of Mexican territory and formed the present border with Mexico. The strong Mormon presence in Arizona today began with early Mormon settlements in the late 1840's and early 1850's and a larger migration to what are now Apache and Navajo Counties in the early 1870's⁷.

Asian immigration to Arizona began with Chinese arriving in the mid-1800s. Chinese workers were an integral part of America's westward expansion⁸ finding work as miners, railway workers, agriculture labor, fishermen and in manufacturing. Like other non-Anglos, the Chinese experienced racism. By the 1880s, there were Anti-Chinese Leagues in every major city in Arizona, and in 1882, the United States passed the Chinese

⁴ The Columbia Encyclopedia, Sixth Edition. Columbia University Press. 2004

⁵ Moon Handbooks: Arizona.

⁶ Land, Sky, and People: The Southwest Defined, "The Anglo-American Experience," Volume 34, Number 3, Autumn 1992. <http://digital.library.arizona.edu/jsw/3403/anglo.html>

⁷ <http://cpluhna.nau.edu/People/mormons.htm>

⁸ Rhonda Tintle, "A History of Chinese Immigration into Arizona Territory: A Frontier Culture in the American West," Graduate Dissertation, 2004.

Exclusion Act to ban Chinese immigration that remained in effect from 1882 until 1943. Additionally, in 1901 a law passed in Arizona prohibited Chinese from marrying Anglos.⁹

The character of white culture and beliefs prevented an amalgamation with other cultures and, instead, asserted a forced cultural assimilation that was resisted by both Hispanic and Native American populations. The result was cultural and residential segregation for Hispanics and the establishment of reservations for Native Americans. The history of white Anglo political, economic and social policies based on cultural beliefs and labor imperatives, particularly in mining and agriculture, has helped shape the impediments to fair housing that are active in Arizona today. In metro areas, this is reflected in residential segregation, a holdover from the barrios and in the rural areas in the economically depressed, underdeveloped and largely Hispanic colonias throughout southern Arizona. In addition, communities in the state near reservations have been zones of fair housing tension between Native Americans and Anglos.

African Americans began to move into Arizona on the heels of white control of Mexican territory. This early migration was small and many came to escape slavery. In fact, early political and economic incentives for white control of the Southwest were designed to block the flight of slaves into Mexican territory and to increase the number of slave states. In 1861, Arizona joined the Civil War on the side of the Confederacy. As the war ended in 1865, Arizona was declared a territory independent of New Mexico. After the war, white Southerners who were either displaced or disenfranchised by Reconstruction in the South migrated to the state. This helped to establish the politically conservative base that continued to be bolstered by Mormon settlement and the migration of white collar Midwesterners in the 20th century. The black population in Arizona grew slowly but significantly over the last quarter of the 19th century primarily because of employment opportunities in mining, manufacturing and as domestic help. By 1900, the African American population of Phoenix had grown to 2.7% of the total population. In 1901, Arizona law prohibited “the marriage of a person of Caucasian blood with a Negro or Mongolian,” and in 1909, the Territorial Legislature codified segregation by enabling school districts to segregate based on race and ethnicity. This law remained in force until 1954 when the U.S. Supreme Court declared segregation unconstitutional in the landmark case of *Brown v. Board of Education of Topeka*. At that time Arizona was one of only four states outside of the South permitting segregated schools. In reality segregation had extended not just to schools, but to every public venue in Arizona including restaurants, theaters, hospitals, hotels, swimming pools, buses, social clubs and housing, for almost a century. Even though the law in Arizona precluded segregation after 1954,

⁹ “The Promise of Gold Mountain: Tucson’s Chinese Heritage,” <http://parentseyes.arizona.edu/promise/index.html>.

the racial attitudes on which segregation was based did not suddenly end and linger to this day.¹⁰ In 1992, by referendum, Arizona was the last of the fifty states to declare a holiday to honor the civil rights efforts of Dr. Martin Luther King, Jr.¹¹

The African American population continued to grow in Arizona, along with other populations, during and after World War II. Many African Americans came to Arizona with the armed forces.¹² The black population in Arizona is about 4.2% today, but is substantially higher in communities with manufacturing and military bases like the Phoenix metro area and Sierra Vista.¹³

More recently, the tragedy of the World Trade Center attacks on September 11, 2001 created new fair housing challenges as a balance is being sought between security and a fair and equitable immigration policy.¹⁴ Migration into the United States from Mexico has historically been driven by economic disparities and the need for labor in the U.S. The September 11th attacks highlighted immigration policy, bringing the issue to the forefront of the political landscape. Some of the attitudes expressed in cases of housing discrimination have been the result of stereotypes etched by the fear of terrorism and immigration controls and policies that many believe are not restrictive enough.

In the final analysis, it is important to recognize that today's social, political and economic realities are a result of public policy decisions and private sector actions made over the course of Arizona's history. Invariably, today's policy decisions will define tomorrow's realities. Not only is fair housing something that society strives for, it is the law of the land. A comprehensive AI with a realistic and achievable plan of action is imperative to guide the creation of housing policy that recognizes and overcomes impediments to fair housing choice in Arizona.

Population

This State of Arizona Analysis of Impediments to Fair Housing Choice (AI) focuses on the parts of the state that receive Community Development Block Grant (CDBG) funding through the State of Arizona. The State of Arizona is itself a CDBG entitlement jurisdiction and allocates CDBG money to areas throughout the state that do not

¹⁰ Governor Janet Napolitano, "Brown V. Board of Education 50th Anniversary Speech". ASU May 1, 2004. http://www.governor.state.az.us/speeches/04_05_01.htm.

¹¹ Frances Romero, "A Brief History of Martin Luther King Jr. Day," *Time*, January 19, 2009. <http://www.time.com/time/nation/article/0,8599,1872501,00.html>.

¹² "In the Steps of Esteban: Tucson's African American Heritage," <http://parentseyes.arizona.edu/esteban/abriefhistory.html>.

¹³ <http://quickfacts.census.gov/qfd/states/04000.html>

Jones, Susanne, and Tactaquin, Catherine, ¹⁴" Latino Immigration Rights in the Shadow of the National Security State: Responses to Domestic Preemptive Strikes". *Social Justice* vol. 31, Issue1-2, 2004.

otherwise receive CDBG funds. Therefore, this report does not cover Maricopa County or jurisdictions in Maricopa County, Pima County or jurisdictions in Pima County, or the cities of Yuma, Prescott or Flagstaff because they are independent CDBG entitlement jurisdictions and receive their own federal CDBG allocations. All CDBG entitlement jurisdictions are required to produce an AI. This report therefore covers the rural areas and small towns of Arizona because the two large urban counties and other CDBG entitlement jurisdictions outside of those counties produce their own AIs.

Arizona ranks sixth among states in land area and has the 14th largest population at 6,500,180.¹⁵ It is as large as the whole of New England, including New York State. The driving distance from Tucson in Pima County to the Four Corners in Apache County is further than from Washington, DC to Boston. The immense area of Arizona creates an impediment to fair housing because of the expanses that must be covered to provide fair housing services. Many of the remaining thirteen counties outside of Maricopa County and Pima County are underserved and housing discrimination, until recently, has gone largely unchallenged.

¹⁵ <http://www.census.gov/popest/states/NST-ann-est.html>.

Figure 1: Arizona Population Distribution by County

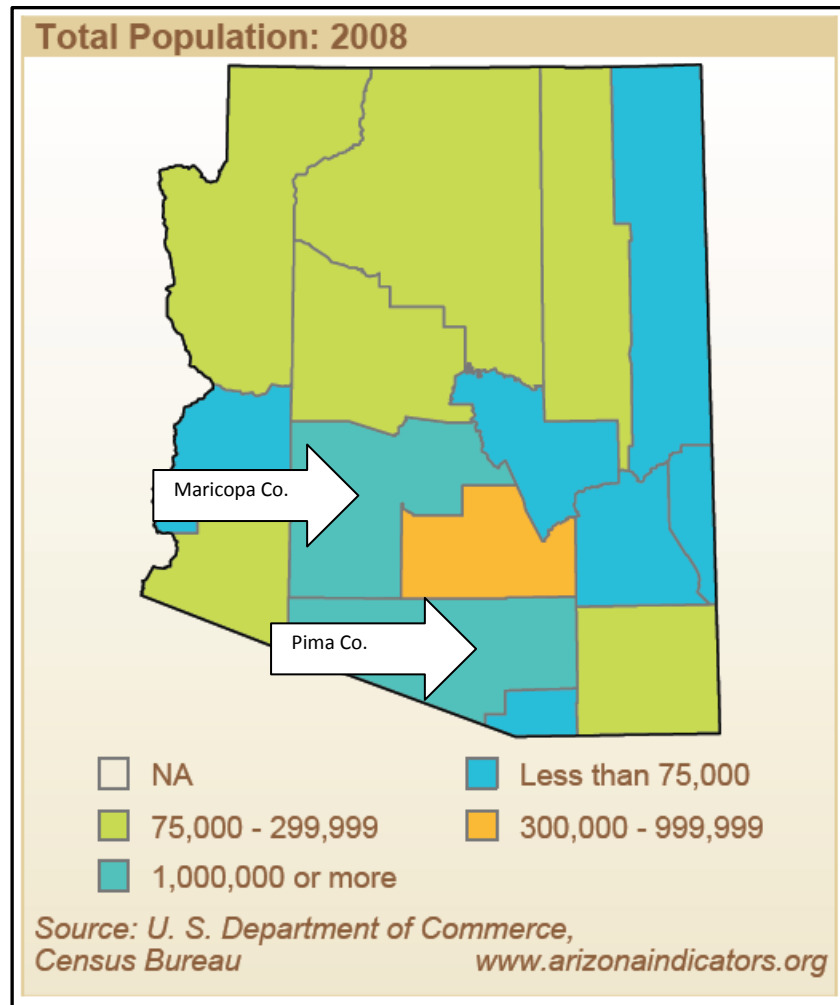


Figure 1 shows population distribution by county. Pima County and Maricopa County, indicated with arrows on the map, contain 76% of Arizona’s population. Eleven of the remaining thirteen counties have populations under 200,000, and the two remaining, Yavapai and Pinal counties, both have less than 400,000 people. The sheer size and small population of Arizona outside of Pima and Maricopa counties, where this report focuses, poses difficult challenges to fair housing education and outreach and enforcement due in part to the distances that must be traveled to serve isolated populations.

During the 1990s, the total population in Arizona increased by 40% (or by 1,465,400 people), from 3,665,228 in 1990 to 5,130,632 in 2000. Between 2000 and 2008, Arizona’s population surged by 29.2%. Between 1990 and 2008, the population of

Arizona nearly doubled. Between 2007 and 2008, Arizona’s population increased 2.3%, making it the second fastest-growing state behind Utah.¹⁶

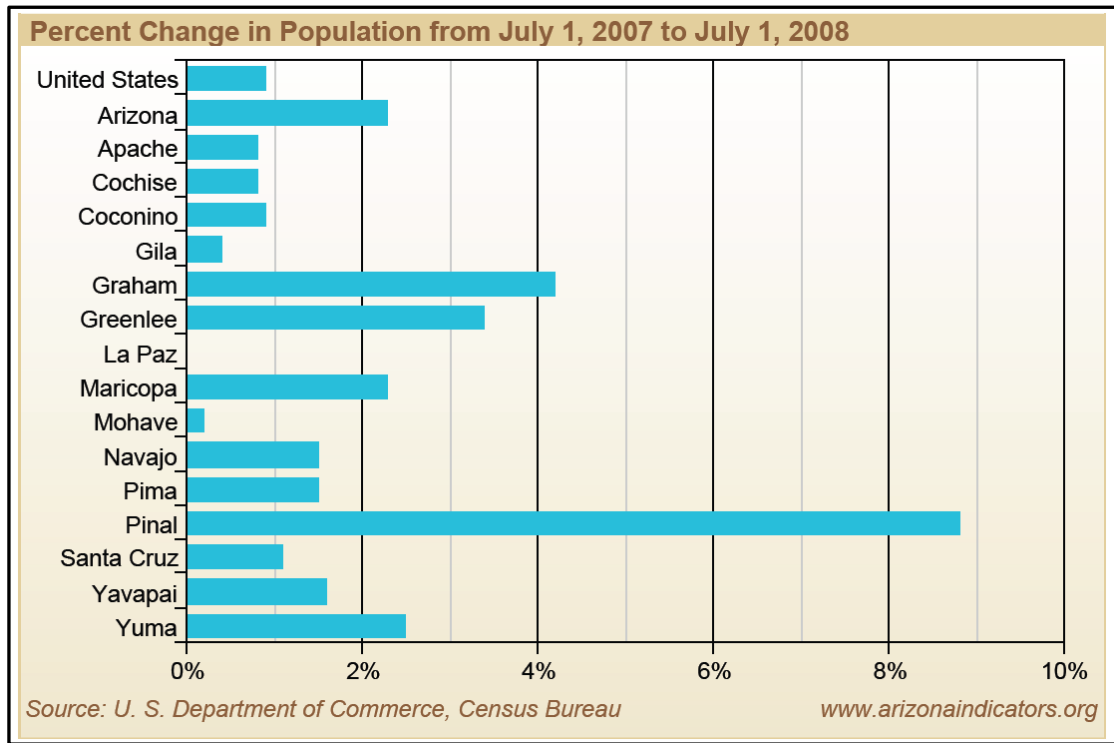


Figure 2: Percent Change in Population from July 1, 2007 to July 1, 2008

As of 2008, 4,966,616 people, 76% of all Arizonans, lived in Pima County or Maricopa County, where the state’s two largest metro areas, Phoenix and Tucson, are located. Pima County and Maricopa County receive much of the attention when discussing the explosive growth in Arizona. However, as the Table 1 shows, many of the other counties have seen very high growth rates as well.

¹⁶ http://www.azcommerce.com/doclib/prop/state_economic_profile.pdf

Table 1: Arizona Population Comparison by County

County Name	Pop. 2000	Pop. 2008	% Change 2000 - 08
Apache County	69,423	70,207	1.1%
Cochise County	117,732	129,006	9.6%
Coconino County	116,318	128,558	10.5%
Gila County	51,330	52,166	1.6%
Graham County	33,489	36,452	8.8%
Greenlee County	8,547	8,002	-6.4%
La Paz County	19,715	20,086	1.9%
Maricopa County	3,072,172	3,954,598	28.7%
Mohave County	155,032	196,281	26.6%
Navajo County	97,468	112,757	15.7%
Pima County	843,752	1,012,018	19.9%
Pinal County	179,715	327,301	82.1%
Santa Cruz County	38,381	42,923	11.8%
Yavapai County	215,503	215,503	28.6%
Yuma County	194,322	194,322	21.4%

Source: U.S. Census Bureau, 1990 and 2000 Censuses of Population (corrected), and 2008 county estimate files.¹⁷

Nearly fifty million Americans live in non-metropolitan (non-metro) areas, as currently defined. The non-metro classification covers approximately 2,000 counties outside the primary daily commuting range of urbanized areas with 50,000 or more people, and is widely used to define "rural" for research and policymaking. Non-metro areas contain 17 percent of the U.S. population but extend across 80 percent of the land area.¹⁸ According to Table 2, only about 10% of Arizonans live in non-metro or rural areas.

Table 2: Arizona Urban and Rural Population¹⁹

Year	Population		
	Rural	Urban	Total
1980	365,652	2,350,894	2,716,546
1990	448,668	3,216,560	3,665,228
2000	591,147	4,539,485	5,130,632
2008 (latest estimate)	667,880	5,832,300	6,500,180

Source: USDA Economic Research Service.

The non-metropolitan area of Arizona is much smaller in terms of population and economic activity as compared to Maricopa County and Pima County. It has higher poverty rates, higher housing quality problems, higher concentrations of minority populations, lower job growth and lower median household incomes. Specific demographic, economic, and housing differences between non-metropolitan and

¹⁷ USDA Economic Research Service. <http://www.ers.usda.gov/Data/Population/PopList.asp?ST=AZ&LongName=Arizona>

¹⁸ This paragraph is taken directly from the United States Department of Agriculture's Economic Research Service website: <http://www.ers.usda.gov/Briefing/Population/>.

¹⁹ <http://www.ers.usda.gov/StateFacts/AZ.htm#PIE>

metropolitan areas of Arizona are presented throughout the “Jurisdictional Background Data” chapter and are updated from the last State AI where possible.

Race and Ethnicity

The distribution of state population by race and ethnicity, based on the 2008 Census Bureau American Community Survey, is as follows:

- Since the 2006 AI, the Hispanic population increased and now stands at 30.1% of the state’s total.
- The minority population was 36.2% in 2004, and has increased to 41.8% (100% minus the 58.2% that identify as “White Alone, Not Hispanic or Latino”) in 2008.
- Arizona residents are 80.1% White (Hispanic and Non-Hispanic White).

Further details regarding the population of Arizona are presented in Table 3.

Table 3: Arizona Population by Race and Ethnicity – Year 2008

	Number	% of Total Population
Total Population	6,500,180	100%
Race or Ethnicity		
One Race	6,332,827	97.4%
White	5,203,987	80.1%
Black or African American	235,758	3.6%
American Indian and Alaska Native	286,749	4.4%
Asian	154,416	2.4%
Native Hawaiian and Other Pacific Islander	9,340	0.1%
Some Other Race	442,577	6.8%
Two or More Races	167,353	2.6%
Hispanic or Latino*	1,959,197	30.1%
Not Hispanic or Latino	4,540,983	69.9%

Source: U.S. Census Bureau, 2008 American Community Survey.

* Persons of Hispanic origin may be of any race; Hispanic is not a race, it is an ethnicity.

The most current data regarding minority populations in rural areas is from the 2006 State of Arizona AI and is as follows:

- Minority population comprises 37.3% of the non-metro area’s total population, as compared to 31.6% for the metro areas.
- The share of Hispanic ethnicity as a percent of total population for the non-metro Arizona is 28.2%, as compared to 25.8% for the metro areas.

Table 4: Metropolitan and Non-Metropolitan Population including Hispanic

Selected Indicators	Non-Metropolitan Arizona	Metropolitan Arizona
2004 Total Population	1,378,300	4,455,385
% of Total State Population in 1990	23.9%	76.1%
% of Total State Population in 2000	23.7%	76.3%
% of Total State Population in 2004	23.6%	76.4%
Total Minority Population (%)	37.3%	31.6%
Hispanic Ethnicity (%)	28.2%	25.8%

Source: 2000 Census, DES and ADOH.

Age

According to the 2008 American Community Survey (ACS), the median age in Arizona was 35.1 years - lower than the U.S. median age of 36.9 years.

Table 5: Arizona Population by Age –2008

Selected Age Category	Number	% of Total Arizona Population	% of Total U.S. Population
Total Population	6,500,180	100%	100%
Under 5 Years	515,321	7.9%	6.9%
Under 18 Years	1,707,680	26.3%	24.3%
18 to 64 Years	3,928,408	60.4%	62.9%
65 Years and Over	864,092	13.3%	12.8%
65 to 74 Years	446,195	6.9%	6.6%
75 to 84 Years	306,706	4.7%	4.4%
85 Years and Over	111,191	1.7%	1.8%

Source: U.S. Census Bureau, 2008 American Community Survey.

- **School-Age Population (Under 18 Years)** - Data presented in Table 5 shows the school age population (under 18 years) in Arizona is 26.3% of the total population.
- **Working-Age Population (18 to 64 Years)** - This population group comprises 60.4% of the total population.
- **Retirement-Age Population (65 Years and Over)** – As of 2008, 13.3% of the total state population was 65 years old and over. It is important to note that almost 6% of the total population was 75 years or older in 2004. This increased to 6.4% in 2009. In the United States, the number of people in this age category will explode over the next 20 years, exerting pressure on public resources allocated for services to this population group.²⁰

²⁰ <http://www.census.gov/population/socdemo/statbriefs/agebrief.html>

Social Characteristics

- Family Households make up 65.5% of the total population in Arizona.
- The average household size is 2.81 and the average family size is 3.46.

Table 6: Selected Social Characteristics

Social Characteristics	Total Number in Arizona	% of Total Arizona Population	% of Total US Population
Family Households	1,489,192	65.5%	66.6%
Married-couple family	1,107,600	48.7%	49.6%
Married couple family with own children under 18	458,988	20.2%	21.4%
Female householder, no husband present, family	264,985	11.7%	12.5%
Female householder, no husband present with own children under 18	61,375	7.1%	7.4%
Nonfamily households	784,650	34.5%	33.4%
Avg. Household Size	2.81	N/A	2.61
Avg. Family Size	3.46	N/A	3.20
Foreign Born	932,518	14.3%	12.5%
Speak language other than English at Home	1,646,654	27.5%	19.6%
English only spoken at home	4,338,205	72.5%	80.4%
Total Civilian Noninstitutional Population with a Disability	772,963	12.1%	N/A

Source: U.S. Census Bureau, 2008 American Community Survey.

- The foreign-born population in Arizona totals 14.3% and 72.5% of Arizonans speak only English at home. This differs from the national averages of 12.5% and 80.4% respectively.
- According to the 2008 American Community Survey, the disabled population in Arizona represents 12.1% of the total. This number is significantly lower than the 2000 Census data that estimates that 20.1% of Arizonans five years of age and older have one or more disabilities.
- The Census also finds that there is an extremely strong relationship between age and disability, with the lowest incidence occurring among children and young adults and the highest among the very elderly. However, baby-boomers, ages 35-54 in 2000, have the highest number of people with disabilities because of the large size of this group.

Income Characteristics

Arizona's income statistics have historically lagged behind the United States as a whole as shown in the figure below.

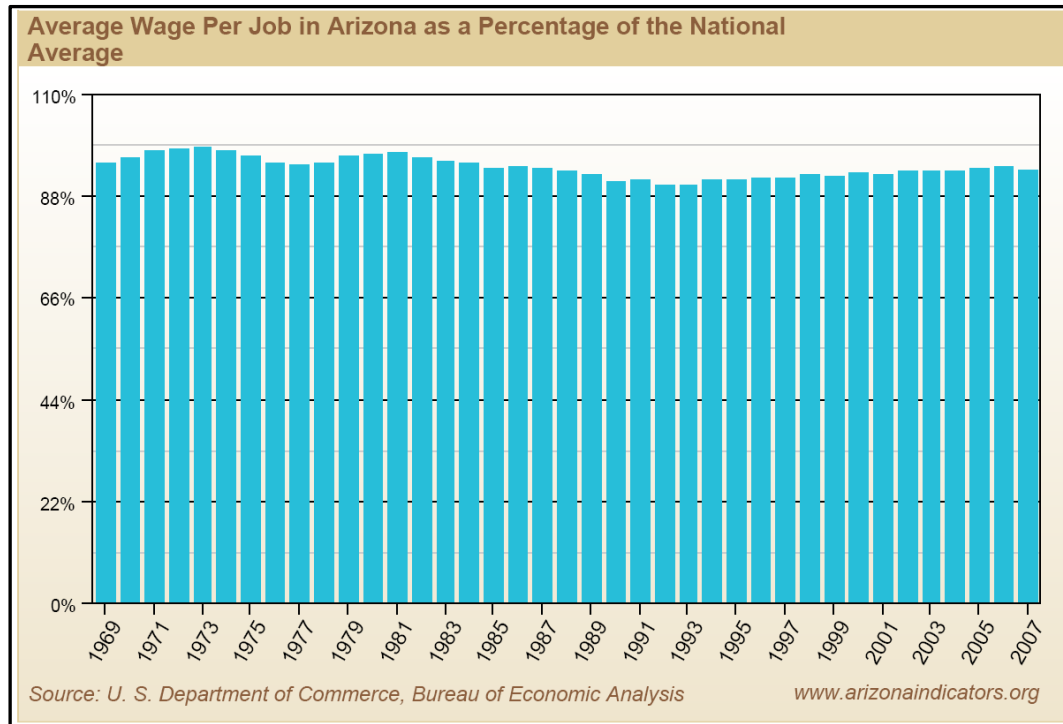


Figure 3: Average Wage per Job in Arizona as a Percentage of the National Average

This disparity remains true today and is reflected in the lower median family income, lower median household income and lower per capita income.

Table 7: Income Indicators for Arizona and U.S. – 2008

Average Income Indicator	Arizona	U.S.
Median Household Income	\$50,958	\$52,029
Median Family Income	\$60,547	\$63,366
Per Capita Income	\$25,415	\$27,589

Source: U.S. Census Bureau, 2008 American Community Survey.

Compared to the nation, a greater percentage of Arizonans earn less than \$15,000, and smaller percentage of Arizonans earn more than \$100,000. Other notable statistics include:

- 22.5% of households earn less than \$25,000 annually in Arizona compared to 23.3% nationally.

- 48.9% of households in Arizona make less than \$50,000 per year, as compared to 47.9% for the U.S.
- Nineteen percent of households in Arizona have incomes in the \$100,000 plus range, as compared to 21% for the U.S.

Further breakdowns on household income by income category are presented in Table 8.

Table 8: Household Income for Arizona 2008

	Arizona		U.S.	
Total Households	2,273,842	100.0%	113,101,329	100.0%
Household Income	Number of Households	% of Total Households	Number of Households*	% of Total Households
Less than \$10,000	154,629	6.8%	8,143,296	7.2%
\$10,000 to \$14,999	111,758	4.9%	6,107,472	5.4%
\$15,000 to \$24,999	245,259	10.8%	12,101,842	10.7%
\$25,000 to \$34,999	250,959	11.0%	11,762,538	10.4%
\$35,000 to \$49,999	350,871	15.4%	16,060,388	14.2%
\$50,000 to \$74,999	442,062	19.4%	21,263,050	18.8%
\$75,000 to \$99,999	286,679	12.6%	14,024,564	12.4%
\$100,000 to \$149,999	272,454	12.0%	13,911,463	12.3%
\$150,000 to \$199,999	81,417	3.6%	4,976,458	4.4%
\$200,000 or more	77,754	3.4%	4,863,344	4.3%
Median Household Income	\$50,958		\$52,029	

Source: U.S. Census Bureau

*Found by multiplying “% of Total Households” by “Total Households (113,101,329)” in the U.S.

There is a wide range of per capita personal income among Arizona counties. Eight counties, all of which are eligible for State CDBG money, have per capita personal incomes between 50 and 60% of the national average.

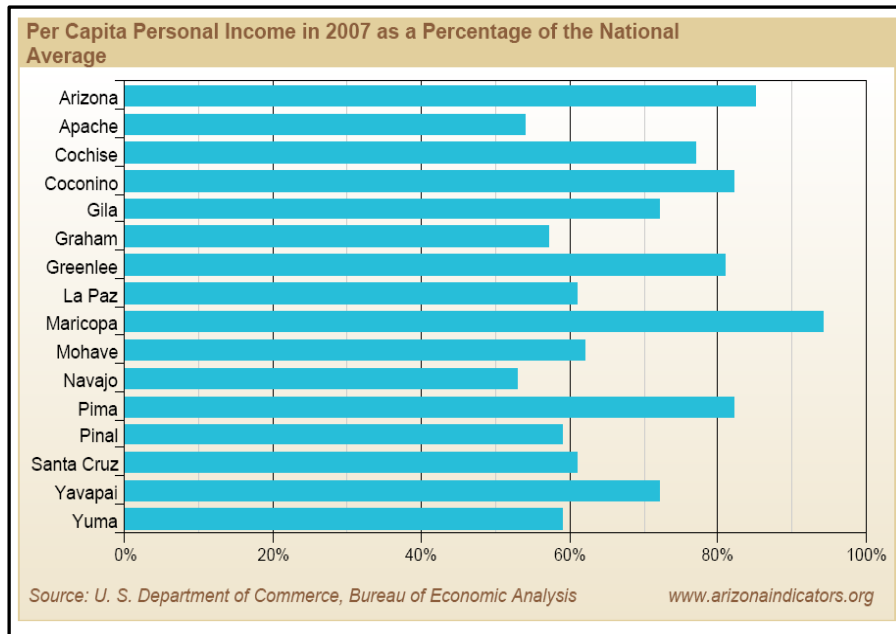


Figure 4: Per Capita Personal Income in 2007 as a Percentage of the National Average

Household Income by Race and Income Category²¹

Minorities in Arizona comprise a higher share of the lower income households and a smaller share of the higher income households:

- **Lowest Income Category** - 24.2% of Native Americans, 13.5% of Blacks, and close to 12% of Asians and Hispanics are included in the “less than \$10,000” income category, as compared to 7.3% for Whites.
- **Middle to Low Income Categories** – 70.8% of Native Americans, 62.9% of Hispanics, and 58.2% of Blacks are included in the “Less than \$40,000” income category, compared to 47.1% for Whites.
- **High Income Category** – Only 2.5% of Native Americans and 3.5% of Hispanics are included in the income category of “More than \$100,000” as compared to 6.7% for Blacks, 11.6% for Whites, and 15.7% for Asians. This is the only income category where Asians surpass Whites.

For further details, refer to Table 9.

²¹ This data is the most current data for this category and is found in the 2000 Census.

Table 9: Median Household Income by Income Category and by Race or Ethnicity

Arizona	Total Pop	White	Black	Native Americans	Asian	Hawaiians and Other Pacific Islanders	Some Other Race	Two or More Races	Hispanic	Not Hispanic
Less than \$10,000	8.6%	7.3%	13.5%	24.2%	11.9%	8.3%	11.0%	13.3%	11.6%	7.9%
Less than \$15,000	14.9%	13.3%	21.2%	33.9%	16.9%	18.2%	19.1%	20.8%	20.0%	13.9%
Less than \$20,000	21.7%	19.7%	28.5%	42.6%	22.0%	21.9%	28.5%	28.3%	29.2%	20.1%
Less than \$30,000	35.9%	33.4%	44.2%	58.0%	32.8%	34.8%	46.9%	44.3%	46.9%	33.6%
Less than \$40,000	49.7%	47.1%	58.2%	70.8%	44.3%	51.3%	63.1%	59.4%	62.9%	46.9%
Less than \$50,000	60.8%	58.2%	68.7%	79.5%	54.0%	64.8%	75.2%	70.6%	74.3%	57.9%
Less than \$75,000	80.0%	78.1%	85.4%	93.0%	72.6%	82.5%	91.7%	87.2%	90.3%	77.8%
Less than \$100,000	89.7%	88.4%	93.3%	97.5%	84.3%	93.0%	97.3%	95.1%	96.5%	88.2%
More than \$100,000	10.3%	11.6%	6.7%	2.5%	15.7%	7.0%	2.7%	4.9%	3.5%	11.8%

Source: U.S. Census Bureau, Census 2000.

Poverty by Race and Ethnicity

The poverty rate in Arizona has increased significantly since the 2006 AI was completed when it was 13.4% for Arizona and 12.4% for the U.S. The rate in Arizona was 14.2% in 2007 and increased to 14.7% in 2008, which was twice as fast as the national rate. The nationwide poverty rate in 2008 stood at 13.2%. The number of Arizonans receiving food stamps increased dramatically from 155,043 (6.9% of the population) in 2007 to 187,331 in 2008 (8.2% of the population). The percentage of Arizonans receiving food stamps in 2008, 8.2%, is lower than the national average of 8.6%.²²

The 2000 Census contained the most current data for poverty rates by race and ethnicity at the writing of this report. The rate of poverty for minority populations in Arizona is significantly higher than the white population: 36.5% for American Indian and Alaska Natives, 23.6% for Hispanics, and 19.5% for Blacks, as compared to 9.9% for White. Further details on poverty by race and ethnicity are presented in the table below.²³

²² Howard Fisher, "Nearly 21% of Tucsonans are living under the federal level," *Arizona Daily Star*, September 29, 2009.

²³ Data from the 2000 Census is the most current data for "Poverty Rate by Race and Ethnicity." As noted in this report, the poverty rate for Arizona has risen since the 2000 Census.

Table 10: Arizona Poverty Rate by Race and Ethnicity – Year 2000

Race or Ethnicity	Universe for Poverty	Number in Poverty	% in Poverty
Total Population	4,634,191	619,344	13.4%
White	3,549,285	351,871	9.9%
Black or African American	131,182	25,516	19.5%
American Indian and Alaska Native	222,428	81,194	36.5%
Asian	83,221	10,374	12.5%
Native Hawaiian and Other Pacific Islander	5,435	877	16.1%
Some Other Race	513,670	125,416	24.4%
Two or More Races	128,970	24,096	18.7%
Hispanic or Latino*	1,116,887	263,929	23.6%
Not Hispanic or Latino	3,517,304	355,415	10.1%

Source: U.S. Census Bureau, Census 2000.

* Persons of Hispanic origin may be of any race; Hispanic is not a race, it is an ethnicity.

Poverty and Disability²⁴

In general, people with disabilities have higher incidences of poverty than people without.

Table 11: Poverty Status in Arizona by Disability Status for the Civilian Non-Institutionalized Population, 2000

Disability Status by Sex and Age	Number of Disabled Persons	% of Population With Disability Status
Males > 5 years of age with a disability	458,334	20.1%
Income in 1999 below poverty level	73,430	16.0%
Income in 1999 at or above poverty level	384,904	84.0%
Females > 5 years of age with a disability	440,357	18.7%
Income in 1999 below poverty level	83,966	19.1%
Income in 1999 at or above poverty level	356,391	80.9%

Source: U.S. Census Bureau, Census 2000 and ADOH.

- According to the 2000 Census, the percentage of the population age five and older with disability status in Arizona was 20.1% for males and 18.7% of

²⁴ The most current data for "Poverty Status in Arizona by Disability Status for the Civilian Non-Institutionalized Population" is contained in the 2000 Census.

females. Comparable numbers at the U.S. level were 19.7% and 19.2% respectively.

- Of the persons with a disability in the 2000 Census, 16.0% of males and 19.1% of females in Arizona were in poverty. Comparable numbers at the U.S. level were 15.3% and 19.7%, respectively.

Income and Poverty: Urban vs. Rural

- The per-capita income and earnings per job in rural areas are significantly lower than in urban areas.

Table 12: Income and Poverty in Arizona: Urban vs. Rural²⁵

Income			
	Rural	Urban	Total
Per-capita income (2007 dollars)			
2006	24,156	34,271	33,205
2007	24,391	33,815	32,833
Percent change	1.9	-2.7	-2.2
Earnings per job (2007 dollars)			
2006	35,666	45,863	45,066
2007	35,296	44,657	43,927
Percent change	-2.1	-5.3	-5.1
Poverty rate (percent)			
1979	21.3	12	13.2
1989	26	14.3	15.7
1999	21.7	12.9	13.9
2007 (latest model-based estimates)	19.3	13.4	14.1

Source: USDA Economic Research Service

- The poverty rate in 2007 was 69% higher in rural areas as compared to urban areas.

Employment

According to the 2008 American Community Survey, the top three economic sectors in Arizona are educational services, and health care and social assistance; retail trade; and professional scientific, and management, and administrative and waste management services.

²⁵ <http://www.ers.usda.gov/StateFacts/AZ.htm#PIE>

Table 13: Arizona Employment by Industry: 2008

	Employment Number	Percent of Total Employment
Civilian employed population 16 yrs & over	2,947,910	N/A
Public Administration	157,971	5.4%
Professional scientific, and management, and administrative and waste management services	319,127	10.8%
Retail Trade	374,376	12.7%
Educational services, and health care and social assistance	581,277	19.7%
Arts, entertainment, and recreation, and accommodation, and food services	310,197	10.5%
Construction	284,822	9.7%
Manufacturing	219,360	7.4%
Finance and insurance, and real estate and rental and leasing	235,899	8.0%
Wholesale Trade	75,099	2.5%
Other Services, except public administration	147,977	5.0%
Transportation, Warehousing and Utilities	146,985	5.0%
Information	56,598	1.9%
Agriculture, forestry, fishing and hunting, and mining	38,222	1.3%

Source: 2008 American Community Survey

Table 14: Employment: Rural vs. Urban²⁶

Employment			
	Rural	Urban	Total
Total number of jobs			
2006	266,726	3,145,170	3,411,896
2007	274,704	3,245,953	3,520,657
Unemployment rate (percent)			
2007	5.2	3.7	3.8
2008	7.2	5.3	5.5

Source: USDA Economic Research Service

- In 2007, only 7.8% of employment in Arizona could be found in rural areas. Urban areas contained 92.2% of all employment.
- During the production of this report, the Arizona economy was starting to show signs of recovering from the worst recession since the Great Depression. Unemployment skyrocketed as the collapse of the housing

²⁶ <http://www.ers.usda.gov/StateFacts/AZ.htm#PIE>

market sent tremors through the entire economy. Experts predict the unemployment rate will break double digits before declining. The statewide unemployment rate in October 2009 stood at 9.3%²⁷; however, it showed significant improvement in November 2009, falling to 8.9%.²⁸

Housing

Homeownership and Types of Housing

Single-family dwellings are the primary type of housing both in the state of Arizona and in the U.S. The 2008 American Community Survey data reveals that 67.8% of the total housing units in Arizona are single family homes, 20.6% multifamily, and about 11.1% manufactured or mobile homes. Comparable numbers for the U.S. are 67.6%, 25.8% and 6.6%, respectively. Specific numbers and percentages of housing units by housing type are presented in the table below.

Table 15: Arizona and U.S. Housing Distribution by Housing Type

Housing Information Indicator	Arizona		U.S.	
	Number	%	Number	%
Total Number of Units in 2008:	2,667,550	100%	129,060,383	100%
Single Family	1,808,040	67.8%	87,244,819	67.6%
1-unit detached	1,674,315	62.8%	79,888,377	61.9%
1-unit attached	133,725	5.0%	7,356,442	5.7%
Multifamily (2 or more units)	549,270	20.6%	33,297,579	25.8%
Manufactured or Mobile Homes	295,972	11.1%	8,571,985	6.6%
Boat, RV, van, etc.	13,818	0.5%	129,060	0.1%

Source: 2008 American Community Survey.

The most recent data regarding the differences between rural and metro Arizona in terms of homeownership rate, manufactured housing and mobile homes, and housing quality are from the 2006 State AI and are as follows:

- The homeownership rate in the non-metro areas of the state is 72.3%, which is significantly higher than the 66.8% for the metro areas.
- A sizable portion of the housing in the non-metro areas of Arizona is comprised of manufactured housing and mobile homes – 28.8% as compared to only 8.5% for the metro areas.

²⁷ Howard Fischer, "Arizona's job picture likely will stay bleak." *Arizona Daily Star*, October 2, 2009.

²⁸ Betty Beard, "Arizona's unemployment rate falls to 8.9%." *Arizona Republic*, December 18, 2009.

Homeownership Rate by Race and Ethnicity

The overall homeownership rates for most minorities are higher in Arizona than in the U.S.

Table 16: Arizona and U.S. Homeownership Rate by Race and Ethnicity - 2000²⁹

Homeownership Rate by Race and Ethnicity	Homeownership Rate	
	Arizona	U.S.
All Households	68.0%	66.2%
White Alone	71.3%	71.3%
Black or African American Alone	44.1%	46.3%
American Indian and Alaska Native Alone	61.2%	55.7%
Asian Alone	57.0%	53.2%
Native Hawaiian and Other Pacific Islanders Alone	46.8%	45.5%
Some Other Race Alone	52.6%	40.4%
Hispanic or Latino (of Any Race)	55.0%	45.7%
Not Hispanic or Latino	70.8%	68.1%

Source: 2000 Census and Census Bureau's 2004 Homeownership Data.

Housing Quality and Affordability

Housing quality and affordability is measured by the following three criteria:

- Persons or families living in units with physical defects (lacking a complete kitchen or bath).
- Persons or families living in overcrowded conditions (greater than 1.01 person/room).
- Persons or families are cost burdened (paying more than 30% of their income for housing, including utilities).

It is clear using the above criteria that housing quality and affordability problems in Arizona are more severe than the nation as a whole:

- 0.8% of homes in Arizona lack complete plumbing facility, as compared to 0.7% nationally.
- 50.1% of renters in Arizona pay 30% or more of their incomes for rent, as compared to 37.7% nationally. The problem of cost-burdened households is widespread and most contributes to the inability of lower income households to live adequately with their incomes.

²⁹ Though the 2000 Census data is now quite dated, it is still the most current data for this category.

- 4.1% of households in Arizona live in overcrowded conditions as opposed to 3.2% nationally.

More details on housing quality and affordability criteria are presented in the following table.

Table 17: Housing Quality Characteristics

Housing Quality Characteristics	(Number of Housing Units) Arizona	(% of Total Housing Units) Arizona	(% of Total Housing Units) U.S.
Lacking Complete Plumbing Facility	19,053	0.8%	0.7%
Lacking Complete Kitchen Facility	25,658	1.1%	0.9%
Paying 30% or More for Housing Cost - Owners (Unaffordable)	454,361	41.5%	37.7%
Paying 30% or More for Rent - Renters (Unaffordable)	336,543	50.1%	49.8%
1.1 to 1.5 Persons Per Room (Overcrowded)	59,727	2.6%	2.1%
1.51 or More Persons Per Room (Severely Overcrowded)	35,179	1.5%	1.1%

Source: 2008 American Community Survey.

Non-metro residents experience more housing quality problems than metro residents. The most recent information regarding housing quality comparisons between urban and rural Arizona is found in the 2006 State AI and is detailed below:

Table 18: Housing and Housing Quality

Selected Indicators	Non-Metropolitan Arizona	Metropolitan Arizona
Homeownership Rate (2000)	72.3%	66.8%
Manufactured Housing/Mobile Homes as % of Total Housing Units	28.8%	8.5%
% of Homes Lacking Complete Plumbing Facility	3.3%	0.5%
% of Homes Lacking Complete Kitchen Facility	2.9%	0.6%
Paying 30% or More for Housing Cost - Owners (Unaffordable)	22.0%	22.7%
Paying 30% or More for Rent - Renters (Unaffordable)	33.8%	39.8%
1.1 to 1.5 Persons Per Room (Overcrowded)	5.2%	4.1%
1.51 or More Persons Per Room (Severely Overcrowded)	4.9%	4.0%

Source: 2000 Census and ADOH.

Housing Affordability

The chart below shows the range of median home prices in rural towns throughout the state. Flagstaff, Prescott, Tucson and Yuma are CDBG entitlement jurisdictions and are not covered in this report, but do add perspective to home prices in other parts of the state that are covered in this report. The chart is from the “2009 State of Housing in Arizona” PowerPoint presentation presented at the 2009 Governor’s Housing Forum.

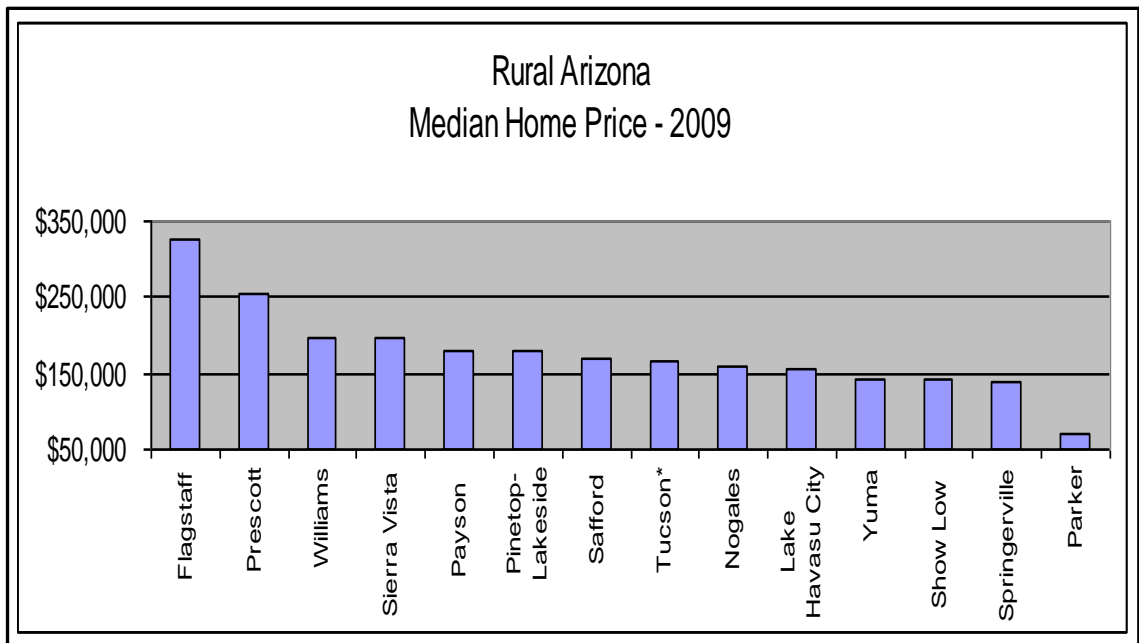


Figure 5: Rural Arizona Median Home Price

Figure 6 illustrates the areas that ADOH considers high-price housing areas in Arizona.

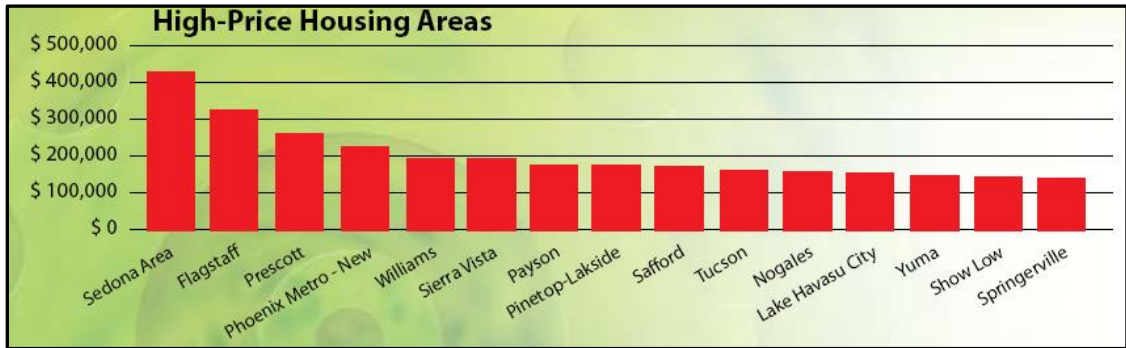


Figure 6: High-Price Housing Areas³⁰

Figure 7 illustrates the areas that ADOH considers low-price housing areas in Arizona.

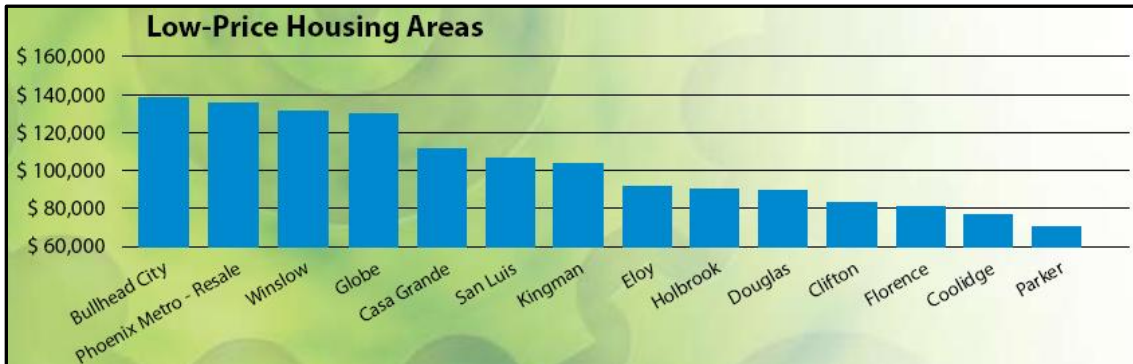


Figure 7: Low Price Housing Areas³¹

³⁰ "2009 Arizona's Housing Market at a Glance," Arizona Department of Housing.

³¹ "2009 Arizona's Housing Market at a Glance," Arizona Department of Housing.

Figure 8 demonstrates the affordability of a median priced home for police officers in different parts of the state. Assuming that a police officer is the single earner in the household, she would only be able to afford a home in five out of the thirteen communities covered in the figure. Adding another income earner to the household makes median priced homes affordable in all but two communities.

Selected Areas	Hourly Wage Needed to Buy a Median Price House	One Income Earner Per Household		Two Income Earners Per Household	
		Median Hourly Wage of a Police Officer	Affordability Status	Hourly Wage of a Police Officer and Another Income Earner*	Affordability Status
Sedona	\$58.04	\$17.43	Not Affordable	\$29.63	Not Affordable
Flagstaff	\$45.23	\$17.25	Not Affordable	\$29.33	Not Affordable
Pinetop-lakeside	\$25.05	\$19.25	Not Affordable	\$32.73	Affordable
Payson	\$25.05	\$19.25	Not Affordable	\$32.73	Affordable
Phoenix (Maricopa County)	\$18.79	\$25.83	Affordable	\$43.91	Affordable
Sierra Vista	\$27.15	\$22.38	Not Affordable	\$38.05	Affordable
Tucson (Pima County)	\$22.96	\$18.70	Not Affordable	\$31.79	Affordable
Kingman	\$14.20	\$15.54	Affordable	\$26.42	Affordable
Casa Grande	\$15.57	\$25.83	Affordable	\$43.91	Affordable
Yuma	\$19.83	\$15.24	Not Affordable	\$25.91	Affordable
Nogales	\$22.27	\$22.38	Affordable	\$38.05	Affordable
Douglas	\$12.25	\$22.38	Affordable	\$38.05	Affordable
State Average	\$33.40	\$25.46	Not Affordable	\$43.28	Affordable

* Assuming that the hourly wage or income of the second income earner in the household is 70 percent of the police officer's income.

Figure 8: Housing Affordability for Police Officers³²

³² "2009 Arizona's Housing Market at a Glance," Arizona Department of Housing.

Figure 9 presents employment and housing affordability statistics for rural Arizona. None of the average worker's wages in any industry is sufficient to buy a median-priced house, and a two-bedroom apartment at fair market rent is considered unaffordable for 42% of wage earners.

Employment Growth and Housing Affordability by Industry - Rural Arizona*							
Industry	Rural Employment 2001	Rural Employment 2008	Rural Employment Change 2001-2008 Numbers	Rural Employment Change 2001-2008 Percent	Hourly Wages- Mohave County (for Rural Arizona)	Can Afford Buying a Median- Priced House	Can Afford Renting a 2-BDRM Apartment
Mining	5,400	7,900	2,500	46.3%	\$18.68	No	Yes
Construction**	22,600	24,500	1,900	8.4%	\$15.54	No	Yes
Manufacturing	15,500	16,000	500	3.2%	\$14.87	No	Yes
Wholesale Trade	8,900	9,000	100	1.1%	\$14.38	No	Yes
Retail Trade (Retail store workers)	43,200	50,600	7,400	17.1%	\$10.86	No	No
Transportation, Warehousing and Utilities	8,800	10,700	1,900	21.6%	\$16.77	No	Yes
Information (Publishing, motion pictures and videos, radio and TV stations and telecommunications)	4,600	5,400	800	17.4%	\$16.71	No	Yes
Finance and Insurance	-1,600	5,600	7,200	-450%	\$15.52	No	Yes
Real Estate Rental and Leasing	10,900	5,500	-5,400	-49.5%	\$11.94	No	No
Professional and Business Services (Legal services, management services, computers services, accounting services, engineering services, payroll services)	19,200	24,900	5,700	29.7%	\$14.30	No	No
Educational Services (Businesses that provide educational services to schools, colleges and universities plus specialized schools such as computer training, language schools, flight training, cosmetology)	-1,900	-3,200	-1,300	68.4%	\$15.16	No	Yes
Health Care and Social Assistance	36,300	48,300	12,000	33.1%	\$15.10	No	Yes
Leisure and Hospitality	39,300	43,900	4,600	11.7%	\$10.35	No	No
Other Services (Auto repair shops, barber shops, other repair shops)	11,100	10,500	-600	-5.4%	\$10.96	No	No
Government - Federal, State and Local (All government employees including teachers, police)	100,600	107,500	6,900	6.9%	\$17.63	No	Yes
Total Employment	322,900	367,100	44,200	13.7%	\$13.34	No	No

Note 1: Mohave County hourly wages by industry data was used as a substitute for the same category of data in the rural areas of Arizona.
 Note 2: 2008 employment data are the average of January to December numbers.
 Note 3: While the 2001 Total Employment number is the same as reported in 2008, there has been a redistribution among some industries.

* Rural Arizona is defined as Arizona minus Urban Arizona (Metro Phoenix plus Metro Tucson).

** The U.S. Department of Labor's classification for the construction industry is comprised of residential construction, commercial construction, highway and bridge construction, and related activities. While residential construction in Arizona has almost stopped, commercial and highway construction and repairs have been going strong.

Data Source: Arizona Department of Housing and Arizona Department of Commerce - Research Administration.

Figure 9: Employment Growth and Housing Affordability by Industry

According to ADOH, renters comprise nearly one-third of occupied homes in Arizona. The figure below compares how much a household must earn to afford a two-bedroom rental at the area’s fair market rent (based on the affordability standard of paying 30% or less of income for housing expenses) to the median hourly wage of retail workers in the corresponding counties.

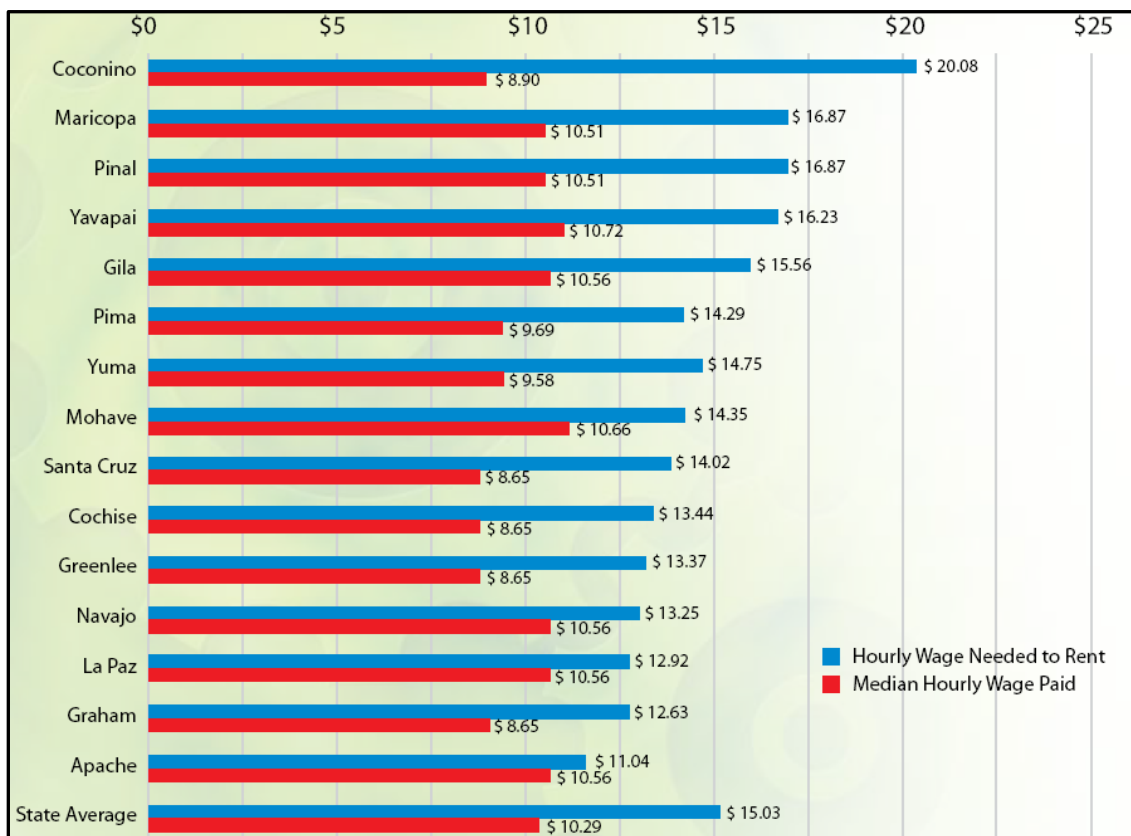


Figure 10: Renting a Two Bedroom Apartment in Selected Communities³³

³³ “2009 Arizona’s Housing Market at a Glance,” Arizona Department of Housing.

Table 19 shows fair market rents for Arizona counties in 2010 according to HUD.

Table 19: Arizona Fair Market Rent³⁴

County	Area name	Efficiency	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	Percent Change from Last Year
Apache County	Apache County, AZ	433	530	627	870	1102	5.7
Cochise County	Cochise County, AZ	508	589	739	1021	1254	5.7
Coconino County	Flagstaff, AZ MSA	820	975	1102	1417	1787	5.6
Gila County	Gila County, AZ	554	649	854	1173	1208	5.6
Graham County	Graham County, AZ	576	621	695	960	1105	5.8
Greenlee County	Greenlee County, AZ	526	585	734	1009	1141	5.6
La Paz County	La Paz County, AZ	591	592	710	1005	1034	5.7
Maricopa County	Phoenix-Mesa Scottsdale, AZ MSA	654	762	919	1338	1567	4.8
Mohave County	Lake Havasu City-Kingman, AZ MSA	615	676	788	1090	1216	5.6
Navajo County	Navajo County, AZ	516	552	728	981	1162	5.7
Pima County	Tucson, AZ MSA	540	635	815	1174	1240	9.7
Pinal County	Phoenix-Mesa-Scottsdale, AZ MSA	654	762	919	1338	1567	4.8
Santa Cruz County	Santa Cruz County, AZ	607	608	770	1123	1156	5.6
Yavapai County	Prescott, AZ MSA	683	706	891	1298	1337	5.6
Yuma County	Yuma, AZ MSA	574	678	810	1149	1408	5.6

³⁴http://www.huduser.org/datasets/fmr/fmrs/FY2010_code/2010state_sum.odn?inputname=STTLT*499999999%2BArizona&selection_type=stwide&county_select=yes&state_name=Arizona&data=2010&statefp=4.0&fmrtype=Final

Housing affordability continues to be a problem throughout Arizona. Some communities have housing that is relatively affordable for most people, but many communities struggle to provide housing that is affordable to lower and moderate income households.

Minority Concentration Areas and Language by County

The following table shows the percentage of minorities by county and the percentage of languages other than English spoken at home by people over 5 years of age. This information is valuable in determining the need and focusing efforts for fair housing services and materials in languages other than English.

Table 20: Percentage Minority Population and Language by County

County	Population	Percent Minority	Percent Language Other Than English*	Do not Speak English or not well at all
Apache	69,423	82.3%	80.5%	12%
Cochise	117,755	39.9%	29.5%	8%
Coconino	116,320	42.4%	28.2%	7%
Gila	51,335	31.1%	18.2%	4%
Graham	33,489	44.8%	23.7%	4%
Greenlee	8,547	46.1%	26%	4%
La Paz	19,715	36.2%	21.6%	7%
Maricopa	3,072,149	33.8%	24.1%	11%
Mohave	155,032	16%	10.7%	4%
Navajo	97,470	57.7%	39.9%	8%
Pima	843,746	38.5%	27.5%	8%
Pinal	179,727	41.2%	25.2%	8%
Santa Cruz	38,381	82.2%	80.5%	25%
Yavapai	167,517	13.4%	9.7%	4%
Yuma	160,026	55.7%	45.5%	17%
Total for Arizona	5,130,623	36.2%	26.6%	5%

* Percentage of persons five and over who speak another language other than English at home.

Measures of Residential Segregation in Arizona

High Minority Census Tracts

The following table contains a list of census tracts for the non-metro counties of Arizona (off Indian Reservations) that have a minority population concentration ratio of 75% or higher (or the minority population rate of at least 200% of the state minority population rate of 36.2%). The primary minority group in all of the targeted census tracts is Hispanic.

The data presented in the table also reveals that there is a strong relationship between minority population concentration, poverty rate, and income. For example, the majority of the selected census tracts with high concentration of minority populations also had higher poverty rates. Median family incomes in these census tracts were at low and moderate levels.

Table 21: High Minority Concentration Census Tracts in Rural Arizona

County	Census Tract	Census Tract Population	Census Tract Minority %	White Population	Census Tract Minority Population	American Indian Population	Hispanic Population	% Below Poverty	Tract Median Family Income	Census Tract Income Level
Cochise	6	3,375	75.0	844	2,531	101	2,363	36.2	62.8	Moderate
Cochise	7	4,052	85.2	600	3,452	5	3,416	33.8	76.0	Moderate
Cochise	8	4,951	85.3	730	4,221	23	4,123	35.4	71.0	Moderate
Cochise	9	6,759	92.6	502	6,257	15	6,170	40.6	59.3	Moderate
Gila	13	1,563	75.7	380	1,183	12	1,145	25.6	84.1	Middle
Pinal	19	2,332	83.4	388	1,944	123	1,567	37.1	57.2	Moderate
Pinal	20	8,990	81.4	1,670	7,320	202	6,594	27.6	60.2	Moderate
Santa Cruz	9961.02	12,875	81.7	2,352	10,523	30	10,288	14.0	97.5	Middle
Santa Cruz	9962	4,147	93.3	280	3,867	5	3,815	35.0	68.0	Moderate
Santa Cruz	9963	7,944	94.5	440	7,504	8	7,442	31.0	62.1	Moderate
Santa Cruz	9964.01	3,645	95.7	157	3,488	6	3,466	32.3	80.0	Moderate
Santa Cruz	9964.02	4,999	94.5	276	4,723	19	4,664	38.5	60.1	Moderate
Yuma	2	3,926	76.9	906	3,020	75	2,766	17.8	96.5	Middle
Yuma	3.01	3,839	78.3	832	3,007	33	2,768	24.5	89.7	Middle
Yuma	3.02	4,713	85.2	698	4,015	20	3,765	45.8	63.9	Moderate
Yuma	4.02	3,563	85.8	507	3,056	26	2,941	29.1	86.4	Middle
Yuma	7	4,858	78.1	1,066	3,792	27	3,567	27.4	71.3	Moderate
Yuma	114.01	8,091	99.0	84	8,007	4	7,988	34.0	68.0	Moderate
Yuma	115.01	2,705	83.1	457	2,248	475	1,727	40.0	70.0	Moderate
Yuma	115.02	7,305	96.0	292	7,013	27	6,939	26.4	81.0	Middle
Yuma	116	5,024	98.9	56	4,968	11	4,944	38.1	38.1	Low

Source: FFIEC and ADOH.

Demographics and Fair Housing Choice in Arizona

This section discusses how certain demographic factors and indicators affect and reflect impediments to fair housing choice in Arizona.

1. *Arizona is a large state with a dispersed rural population.*

Arizona is the sixth largest state in the nation in terms of area. However, over 75% of the state's population lives in two counties, Maricopa and Pima.³⁵ The rest of the population is dispersed in the thirteen remaining counties which are comprised

³⁵ Neither is covered in this AI.

mostly of small towns and isolated rural areas. The immense area of Arizona and limited fair housing resources have resulted in most of the thirteen rural counties being underserved since the inception of the Federal Fair Housing Act, and, until recently, housing discrimination has largely gone unchallenged.

To overcome this challenge, since 2000, the Arizona Department of Housing has developed a comprehensive strategy to provide education and outreach to all thirteen rural counties in Arizona. Data shows that headway has been made in improving fair housing choice in rural Arizona. Housing discrimination, however, still exists in rural Arizona and distance and the dispersed population constitute an even greater challenge given the economic downturn and fiscal crisis the state is currently facing. The strategy to provide fair housing service to rural Arizona will continue and is incorporated in the Plan of Action presented near the end of this AI.

2. *Rapid population growth in areas underserved by fair housing services can create racial and ethnic inequities in residency patterns that, in time, become entrenched and very difficult or impossible to change.*

Arizona has historically been a high growth state, and this has been true since the turn of this century. With the collapse of the housing market and economic downturn that started in 2007, this growth has virtually halted. A surge of home mortgage defaults and foreclosures caused the financial failure of many of the lenders sustaining the housing market, and caused these markets to tighten to the point that home loans are more difficult to obtain. This downturn has spread like a tidal wave, depressing the economy overall and resulting in large increases in unemployment. Both state and local government have been forced to cut services to attempt to stem the deficits that are occurring due to the loss of tax revenue because of the economy's slowdown. This situation has dampened the pattern of migration into the state that fostered the unprecedented population growth for the last half century. However, the slowdown or reversal of the population increases has not affected all areas of the state equally. Ironically, because they fueled much of Arizona's dramatic population increase with their booming housing markets, the two large metro counties of Maricopa and Pima are experiencing the brunt of the downturn, while some of the rural counties have begun to outpace them in population growth. Excluding Pima and Maricopa Counties, eight counties have experienced over eight percent population growth this decade. These areas will continue to present fair housing challenges in coming years. Data shows that Pinal County, in particular, continues to experience rapid population increases and other

counties such as Graham, Cochise, Yuma, Yavapai and Mohave appear ready to accelerate rapidly once the economy improves.

Rapid population growth, particularly in areas that have been underserved with respect to fair housing services, can present a challenge to fair housing. Without the strong presence of fair housing services in such areas, rapid growth can quickly outstrip the ability to monitor for Fair Housing Act (FHAct) compliance and train real estate agents and property owners. Fair housing can be lost or pushed aside in the wake of rapid development and be seen by communities as irrelevant, a hindrance to growth or incorrectly subsumed under the rubric of affordable housing. Fair housing impediments in areas like zoning, design and construction, marketing and issues such as steering, redlining, minority residential concentrations and age restrictions are ignored in the rush of development. History has shown that when attention to fair housing is lacking, and development takes place without the inclusion of fair housing planning in development strategies, housing and residential patterns can be established that create racial and ethnic disparities that become accepted and reinforced in public attitudes, business practices and governmental policies. Once these impediments become established, they can be very difficult and costly to eliminate.

ADOH addresses this problem in the Plan of Action of this AI through the continuation of fair housing education and training in rural Arizona including the high growth areas in the state outside of the two largest metro areas.

3. *The minority concentrations in several areas of Arizona are red flags signaling the historical legacy of housing discrimination and impediments that maintain these segregated residential patterns.*

The minority population in Arizona has grown since the 2006 AI and now stands at over 40% of the population. Nearly 42% of the population identifies as Hispanic. In rural Arizona, this population is not evenly distributed and is more heavily concentrated in the four counties that border Mexico. These four counties essentially comprised the area obtained by the United States from Mexico in the Gadsden Purchase in 1854. However, what is more telling about fair housing is the residential concentration of Hispanics within these counties, especially in colonias. The colonias are extreme and vivid examples of the forces of disinvestment and neglect that occur in most areas of minority concentrations. Similar minority concentrations also exist in areas near tribal reservations in rural Arizona.

While these minority concentrations were formed by decades of overt racism and prescriptive segregation, the fact that they remain strongly entrenched today is indicative of both ongoing housing discrimination and the force these residential patterns exert on the assumptions and stereotypes that foster discrimination. The extent and nature of minority concentrations in many parts of rural Arizona are inherently impediments to fair housing.

4. *Arizona's relatively large number of residents with limited English proficiency are being targeted by predatory mortgage, foreclosure rescue and loan modification brokers, agents and consultants.*

Statewide, 27.5% of the population speaks a language other than English at home. Over 10% of the residents of eleven of the thirteen counties covered in this AI do not speak English at home, and over 18% of residents in eight counties do not speak English at home. Agents prey on people with language barriers by verbally describing a transaction in Spanish while providing a contract in English with provisions that differ from the Spanish explanation. The failure to provide written documents in Spanish (or appropriate language for the consumer) can be disparate treatment and illegal under the Fair Housing Act.

5. *The lack of affordable housing has a large impact on fair housing choice in many areas of Arizona because it has a disparate impact on racial and ethnic minorities, persons with disabilities and single parent households with children.*

While lack of housing affordability is not necessarily regarded as a fair housing issue, it nonetheless becomes one when it has a disparate impact on protected classes as defined by the FHAct.³⁶ The data shows that racial and ethnic minorities, persons with disabilities and single parent households have lower median incomes and higher rates of poverty than white Anglos, non-disabled people and two parent households with children.

Despite the dramatic decreases in housing prices because of the housing market bust in Arizona housing, affordability remains a problem for those desiring to buy a home. Unemployment has risen to approximately 10% and, in contrast to the housing market boom days, lenders have become very restrictive in their lending policies. Housing in most communities is unaffordable for low-wage workers.

³⁶ The strategy to increase affordable housing is discussed in the Consolidated Plan, not the AI.

In the rental market, the data shows that the median hourly wage for retail workers in Arizona as a whole was only about 68.5% of the hourly wage needed to rent a two-bedroom apartment at fair market rent. Five counties were below 65% (Coconino, Santa Cruz, Cochise, Yuma and Greenlee) and in one (Coconino), the hourly wage needed to rent a two bedroom apartment was over \$20 an hour while the median hourly wage paid to retail workers was \$8.20, or less than 45% of what was needed. A disparity this great makes it difficult or impossible for many minorities and other protected classes to find affordable housing in many Arizona counties.

6. *Arizona has a growing retirement population. A number of age restricted (55+) residential communities have been violating HUD requirements and the FHAct.*

Arizona is known as a retirement destination. Surprisingly, however, the median age in the state is lower than the nation's (35.1 years compared to 36.9 years). Arizona has a larger proportion of its population under five years of age and under eighteen years of age as compared to the nation, indicating a higher percentage of families with children. It also has a higher percentage of its population over sixty-five as compared to the nation. This creates potential conflict between the need of families with children for housing and the preference by many retirees to live in age restricted (55+) communities.

arizona: fair housing legal status

History of Fair Housing Legislation

The Fair Housing Act of 1968 made it illegal to discriminate in the area of housing because of a person's race, color, religion, or national origin. Gender, as a protected class, was added in the 1970s. In 1988, the Fair Housing Amendments Act added familial status and disability (referred to as Handicapped in FHAA) to the list. The familial status provision protects households with children under 18 years of age. Disability covers physical and mental disabilities, including persons with HIV/AIDS or in recovery from substance abuse. Federal protection under FHA does not cover discrimination based on age, income, source of income or sexual orientation, although some local non-discrimination statutes or ordinances may.

Fair Housing Laws and Policies

The Arizona Fair Housing Act (AFHA) of 1991 (ARS § 41.1491) provides the same substantive protections as the Federal Fair Housing Act (FHAct); however, it provides different procedures for the administrative complaint processing. The Act also amended the Arizona Landlord and Tenant Act to bring it into compliance with the State Fair Housing Statute.

Because AFHA is essentially the same as the FHAct, the State's law has been federally designated as "substantially equivalent." As a result, under the Federal Fair Housing Assistance Program (FHAP), the U.S. Department of Housing and Urban Development (HUD) contracts with the Arizona Attorney General's Civil Rights Division to investigate and rule on fair housing cases on its behalf. Because of this, virtually all complaints that are submitted to HUD and originate within Arizona, except for Phoenix, are processed by the AG's office. The Phoenix Fair Housing Ordinance is also substantially equivalent to the FHA and, therefore, the City of Phoenix is also an FHAP. Complaints that originate in Phoenix are turned over to the City of Phoenix Equal Opportunity Department Compliance and Enforcement Division for processing. Either FHAP may also receive and process complaints independent of HUD.

The State's Community Development Block Grant (CDBG) jurisdiction covers the entire State of Arizona less the 14 independent CDBG entitlement jurisdictions. These independent jurisdictions have the responsibility for developing their own AI's and

conducting planning and reporting separate from the State. Every effort has been made to include information relevant only to the State's jurisdiction in this AI but in some cases, it is not possible. The Action Plan in this AI, however, is applicable only to the State's jurisdiction.

impediments to fair housing choice

Public Sector

Changes in the Arizona Housing Market and Economy

The collapse of the housing market in 2007 and the subsequent economic downturn drastically reconfigured the landscape for fair housing. Fair housing issues surrounding mortgage lending, especially subprime and predatory lending, during the real estate boom received much of the attention of fair housing agencies and advocates. New fair housing issues have arisen, especially surrounding the devastation caused by the foreclosure crisis and the drastically different housing market conditions created by the crisis.

The federal government has responded to the current crisis with infusions of money through programs like the Neighborhood Stabilization Plan (NSP) to prop up and revive the housing market. This funding presents challenges to fair housing planning since it requires jurisdictions to affirmatively further fair housing (AFFH). Special attention needs to be paid to incorporate fair housing planning, including strategies to reduce and eliminate housing discrimination, in the rush to spend federal funds to stabilize the housing market. Fair housing agencies and advocates are adapting to this new environment to identify and remedy these new issues and impediments.³⁷

The Westchester County Decision and Reexamining “Affirmatively Furthering Fair Housing”

The Anti-Discrimination Center in New York sued Westchester County, New York for acting in bad faith by certifying that communities in the county had met the demands of the Fair Housing Act. The county accepted \$45 million in federal grants to develop housing over a number of years, yet housing remained as segregated as it was before receiving the grants and affordable units were not being built. It was alleged that Westchester County did too little to promote affordable housing and too little to reduce segregation. A U.S. District Court Judge found that the county falsely claimed that it was meeting its obligation to affirmatively further fair housing (AFFH), concluding that the required analysis of race-based impediments was not completed. Furthermore, the

³⁷ “Fair Housing and the Foreclosure Crisis.” <http://www.civilrights.org/publications/reports/fairhousing/foreclosure-crisis.html>.

decision stated that the County did not comply with its additional obligation to take the necessary steps to overcome impediments to fair housing choice.

The decision highlights that AFFH certification is not a formality, rather a substantive requirement that demands an Analysis of Impediments to Fair Housing Choice (AI) be conducted, appropriate actions taken to further fair housing and the analysis be documented. The court also found that income cannot be used as a proxy for race. Providing housing for low-income minorities may improve the housing stock, but may not do much to change patterns of discrimination or segregation. Analysis of where the housing was placed would need to be completed as well. The County was facing a trial and a potential liability of over \$150 million. A judge ruled that the County's Analysis of Impediments to Fair Housing Choice (AI) was deficient in that it lacked a segregation analysis. As part of a settlement, the County must spend \$52 million to develop 750 units of affordable housing for working families.³⁸

HUD has also begun to reexamine the meaning and requirements of affirmatively further fair housing (AFFH). This is likely due to the ruling in the Westchester case and a new administration in Washington that has placed new emphasis on HUD and the role that it plays in housing and community development. The concepts and requirements of AFFH have not always been clear. Jurisdictions have often not taken the requirements of AFFH seriously because of the lack of clarity and because HUD has rarely enforced the requirement. Rarely, if ever, have jurisdictions had CDBG funding withheld because of violating AFFH standards, which is why Westchester is a watershed case. HUD has taken public comments about AFFH to begin an effort to clarify what AFFH means, what it requires and how standards will be enforced. The Westchester decision and HUD's renewed focus on AFFH should serve as a wake-up call to jurisdictions that receive CDBG funding that the days of ignoring AFFH requirements and treating fair housing issues as a formality are likely coming to an end.

HUD Neighborhood Stabilization Program (NSP)

The Neighborhood Stabilization Program, passed by the federal government in September 2008, allocates \$3.92 billion to all states to respond to the foreclosure crisis. Direct grantees in Arizona received over \$121 million, of which \$38.3 million went to ADOH. The remainder went to the other nine direct grantee jurisdictions. The program targets the areas of the state hardest hit by the foreclosure crisis. Direct Grantees selected from five activities eligible for funding under the NSP Program designed to

³⁸ From the NACCED Alert, "NACCED Executive Committee Holds Wide Ranging Meeting with HUD Senior Staff," November 12, 2009.

mitigate the effects of foreclosure, blight, abandonment and falling home values. These activities are A) Establishment of a financing mechanism for the purchase of foreclosed homes and residential properties; B) Purchase and rehabilitate abandoned or foreclosed homes and residential properties in order to sell, rent or redevelop such properties; C) Establishment of land banks for foreclosed homes; D) Demolition of blighted structures; and E) Redevelopment of demolished or vacant properties.

The ADOH “NSP Substantial Amendment” outlines the following uses for ADOH’s NSP funding:

1. Invest its Direct NSP Allocation into a statewide Soft Second Loan financing program to be directly administered by ADOH. The soft second will be used to assist homebuyers at or below 120% of Area Median Income in the purchase of foreclosed and vacant single-family property located in census tracts with a HUD foreclosure Risk Score of 7 or greater.
2. Invest its Direct NSP Allocation in redevelopment of foreclosed and/or vacant and/or blighted multifamily properties serving those persons at or below 50% of area median income; giving priority to properties in portfolios owned or guaranteed by HUD, Rural Development or other similar federal guarantors, as well as properties identified by Direct Grantees; and directly select for redevelopment foreclosed and/or vacant and/or blighted multifamily properties that are consistent with the preservation strategies outlined in the State’s Fourth Year Annual Action Plan.

NSP grantees must submit quarterly reports to HUD and post them on their websites, enabling advocates to monitor the spending of NSP funds and ensure that they are being used to help preserve and create affordable housing and further fair housing.³⁹

The American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act (the economic stimulus package) passed by Congress in February 2009 allocates \$13.6 billion for housing and community development programs administered by HUD. This infusion of funds is expected to create tens of thousands of jobs, make homes more energy efficient and provide relief to families in communities devastated by the economic crisis. The HUD funding supports three major themes: promotion of energy efficiency and green jobs; help state and local agencies jump-start developments paralyzed by the frozen tax credit markets, accelerate

³⁹ National Housing Law Project, “Neighborhood Stabilization Program (NSP),” <http://www.nhlp.org/taxonomy/term/109>.

shovel-ready community development and affordable housing projects, and bridge long-standing funding gaps in programs; and reviving neighborhoods hardest hit by the economic crisis and preventing families from becoming homeless. In response to the last theme, HUD is allocating almost \$1 billion to state and local governments through the Community Development Block Grant (CDBG) program so that cities can invest in upgrading affordable housing and improving public facilities to shore up communities and create jobs.⁴⁰ The HUD provisions in the Act give the Secretary of HUD wide-ranging powers to waive legal requirements in the administration of housing programs, but prohibit the Secretary from waiving requirements related to fair housing, non-discrimination, labor standards, and the environment.⁴¹

The week of February 28, 2009, nearly \$153 million in federal stimulus funding went to Arizona from HUD for housing programs to bolster employment, construct affordable housing and prevent homelessness. About one third of the money will go to Native American communities. State and local programs would receive \$32 million to start affordable rental housing construction, \$22 million for homeless prevention and \$12 million to build or repair public housing.⁴² This funding carries fair housing requirements, including AFFH.

Neighborhood Revitalization and Affordable Housing

The Arizona Department of Housing (ADOH) engages in neighborhood revitalization and affordable housing efforts throughout rural Arizona. Several funding sources, many of which are from the federal government and carry the requirement to affirmatively further fair housing (AFFH), are employed to carry out projects and programs. The ADOH website, azhousing.gov, posts the annual CAPER that contains more detailed information about these activities.

2008 The Consolidated Annual Performance and Evaluation Report (CAPER) Draft

The Consolidated Annual Performance and Evaluation Report (CAPER) is a document required yearly by the U.S. Department of Housing and Urban Development (HUD) from Community Development Block Grant jurisdictions. The Arizona CAPER is produced by collaboration between the Arizona Department of Housing (ADOH) and the Arizona

⁴⁰ <http://www.nlc.org/articles/articleItems/NCW32309/DonovanCCC.aspx>

⁴¹ "How the Economic Stimulus Plan Affects Individuals with Disabilities," www.margbva.org/html/Stimulus/2009StimulusAffects.htm.

⁴² Jahna Berry, "Housing stimulus aid now flowing into Arizona programs," *Arizona Daily Star*, February 28, 2009.

Department of Economic Security (DES). The document assesses how well the State of Arizona is meeting its affordable housing and community development goals.

According to Arizona's CAPER, ADOH's goals include:

- Invest in rural areas that have limited funding opportunities.
- Invest in projects where the need for funds and the demand for the project is demonstrated.
- Invest in areas in decline and those with a disproportionate concentration of low-income and minority populations.

ADOH continues to invest dollars in a variety of activities to support the following types of initiatives⁴³:

- Development of permanent supportive housing for homeless persons with disabilities.
- Prevention of eviction and foreclosures in order to prevent homelessness.
- Provision of down payments, closing cost assistance, and homeownership counseling to assist families to purchase a home.
- Construction and rehabilitation of affordable rental units. Resources are invested to fill gaps in financing in order to develop rental units that are affordable to individuals at 60, 50 and 40 percent or less of the area median income.
- Rehabilitation of housing through locally managed programs that assist low-income homeowners with needed home repairs.
- Construction or purchase and rehabilitation of single-family homes for sale to low-income residents.
- Education on fair housing that supports HUD required activities in support of the Fair Housing Act.
- Administrative funding is provided to local communities and non-profits to support the administrative costs for some of the program categories above.

ADOH committed over \$240 million in Fiscal Year 2008 to affordable housing and community development efforts .

⁴³ The following list is taken directly from the draft of the 2008 Arizona CAPER that is available at housingaz.com.

Table 22: ADOH Affordable Housing and Community Development Efforts FY 2008

Community Development Block Grant (CDBG)	\$11,339,247
HOME	\$7,010,625
HOPWA	\$185,270
Shelter Plus Care	\$7,071,564
Supportive Housing Program	\$2,340,614
Section 8 HCVP	\$768,634
Project Based Section 8	\$42,358,925
Low Income Housing Tax Credits-4%	\$2,790,680
Low Income Housing Tax Credits-9%	\$115,766,720
State Housing Trust Fund	\$26,354,842
ESG	\$873,061
Mortgage Revenue Bond (MRB) – Single Family	\$6,777,888
Mortgage Revenue Bond (MRB) – Multi Family	\$8,515,000
Mortgage Credit Certificates (MCC)	\$3,205,410
Homes for Arizonans (ADOH)	\$4,415,667
Homes for Arizonans (AzHFA)	\$1,418,283
National Mortgage Foreclosure Counseling Program	\$619,100
Total	\$240,938,459

The CAPER describes a number of activities that the state has taken to affirmatively further fair housing. ADOH has collaborated with HUD, the Arizona Fair Housing Partnership, the State Attorney General and others to promote fair housing. ADOH also contracted with the Southwest Fair Housing Council to provide statewide fair housing education and outreach. More information from the CAPER regarding fair housing can be found in the “Community Development Block Grant” section below.

Arizona Housing Trust Fund

The Arizona Housing Trust Fund (HTF) is a dedicated funding source and is the only state resource that attends to housing related needs. The Arizona Department of Housing does not receive general fund or tax generated revenue and relies heavily on the HTF to support housing initiatives statewide. Due to the lack of federal funding for housing in many rural areas of Arizona, 70% of the HTF goes to these areas to develop and preserve

housing. The HTF provides numerous benefits in Arizona, including increased economic development by leveraging new dollars into the economy.⁴⁴ Cities, towns, counties, local housing authorities, tribal housing organizations, and nonprofit organizations receive grants and loans from the HTF for eligible projects including new construction, acquisition, and/or rehabilitation of housing to be used for homeownership, rental, transitional, or emergency shelter. Assistance programs are also eligible for funding like rehabilitation of housing occupied by low-income homeowners, rental subsidies, and operating costs for emergency or special-needs housing. At least 20% of the HTF allocation must go towards projects in rural areas and to households with children. Projects must target Arizonans with household incomes at or below 80% of the area median income and must maintain affordability for a minimum of five to fifteen years.⁴⁵

The HTF is in jeopardy of being drastically reduced to help plug the huge budget deficit in Arizona. If the HTF takes a big cut, affordable housing will likely take a big hit statewide. Fair housing may also be affected because some of the proposed funding cuts are dedicated for foreclosure counseling, eviction prevention and homeless and domestic-violence shelters.⁴⁶

Zoning and Land Use Codes

County and municipal governments in Arizona have historically controlled land use through power granted by enabling legislation adopted by the State Legislature. On the local level, land use is controlled in many ways, including comprehensive planning, zoning, ordinances and subdivision ordinances.⁴⁷

ADOH reviews its funding recipients' zoning and land use laws to ensure that they are not in violation of fair housing laws. ADOH will monitor zoning and land use laws by expanding the fair housing questionnaire already distributed to sub recipients to include zoning and land use questions. Currently, the questionnaire is optional; however, beginning in 2011 it will be required. Results of the questionnaire will be reviewed and included in future CAPERS and AIs beginning in 2011. The appendix includes a detailed zoning and land use questionnaire provided by HUD that focuses on the effect of zoning and land use laws on people with disabilities, a protected class. The survey will be modified to help acquire the necessary data to determine how zoning and land use laws affect any or all protected classes and whether or not the laws comply with fair housing laws.

⁴⁴ "Housing Trust Fund," Arizona Department of Housing. www.housingaz.com.

⁴⁵ *Fannie Mae Foundation Issue Brief: Affordable Housing Trust Funds*; prepared for Fannie Mae Foundation by Justin Linker, Chris Shay, and Christine Hall of Michigan State University. November 2001.

⁴⁶ Catherine Reagor, "Housing Department faces budget cuts," *The Arizona Republic*, June 10th, 2009.

⁴⁷ "Arizona Planning and Zoning Handbook," Arizona Department of Commerce. Third Edition, October 2004.

Low Income Housing Tax Credit (LIHTC)

ADOH operates the Low Income Housing Tax Credit (LIHTC) program under Section 42 of the LIHTC code, which is interpreted and enforced by the Internal Revenue Service under the auspices of the U.S Department of the Treasury. Each state is allowed a credit ceiling, depending on population, to provide for the construction of multifamily rental units in “difficult development areas.” Difficult development areas are defined as areas that have high construction, land, or utility costs relative to the area’s median gross income (AMGI). There are currently about 50 census tracts in non-metro Arizona that are eligible.

In return for the tax credit, the owners commit to either restrict the rent in 20% of the units to tenants with incomes no higher than 50% of the AMGI or in 40% of the units to tenants with incomes no higher than 60% of the AMGI. The term “rent restricted” means that gross rent, including utilities, cannot exceed 30% of the tenants imputed income limitation. The rent restrictions agreed to by the owner remains in effect for at least 15 years and then the owner(s) are required to enter into agreements to retain the low-income character of the building for at least an additional 15 years.⁴⁸

ADOH requires LIHTC applications include a “Market Demand Study” and a “Marketing Plan.” According to ADOH staff, the Market Demand Study must include demographic information that may consider a project’s impact on minority concentration areas.

Other than Section 8, the Low-Income Housing Tax Credits (LIHTC) program is the largest source of affordable housing for low-income families and individuals in Arizona. Since 1996, there have been over 93 applications creating approximately 5,516 low-income housing units in non-metropolitan areas.⁴⁹ The Arizona Department of Housing has allocated tax credits valued at nearly \$800 million to projects in Arizona since its establishment in 2002.⁵⁰ The table 23 shows ADOH’s LIHTC units throughout the state.

Table 23: ADOH LIHTC Portfolio – Unit Count by County

County	Elderly	Family	Senior	Tribal & Other	All Bond Financed	Row Total
Apache	32	184	0	0	0	216
Cochise	313	855	0	0	0	1168
Coconino	218	518	30	0	0	766
Gila	102	13	0	0	0	115

⁴⁸ LIHTC Application Form <http://www.housingaz.com>

⁴⁹ ADOH. Arizona Low-Income Housing Tax Credit Completed Properties list.

⁵⁰ 2009 “Qualified Allocation Plan,” Arizona Department of Housing.

Graham	85	40	0	0	31	156
La Paz	40	0	0	0	0	40
Maricopa	880	7120	413	36	11053	19502
Mohave	720	949	0	96	0	1765
Navajo	100	575	0	51	0	726
Pima	675	2792	0	194	630	4291
Pinal	233	1288	24	25	0	1570
Santa Cruz	0	496	0	0	128	624
Yavapai	143	737	64	100	0	1044
Yuma	144	1130	26	0	0	1300
Column Total	3685	16697	557	502	11842	33283

Key Observation

The Marketing Plan is required to meet fair housing requirements and can serve to draw minorities to projects in non-minority areas or to draw non-minorities to projects in minority areas. Requiring LIHTC applications to consider the impact on minority concentrations and other fair housing issues and affirmatively marketing projects in accordance with fair housing requirements helps ADOH’s AFFH efforts. As the impacts of the Westchester Case and HUD’s forthcoming AFFH guidelines become clearer, the Market Demand Study and the Marketing Plan could come under more scrutiny. ADOH should continue its marketing efforts for AFFH compliance. It could also strengthen its analysis of projects’ impact on minority concentration areas in its Market Study Guide. These efforts may receive more scrutiny as AFFH requirements become more important.⁵¹

Public Housing and Section 8

Ten Public Housing Authorities (PHA) operate within the CDBG jurisdiction of ADOH, the towns of Douglas, Eloy, Williams, Winslow and Nogales and the Counties of Yuma, Cochise, Pinal, Gila and Mohave.⁵² In addition, the State of Arizona operates a State Public Housing Authority (APHA). Public and Section 8 housing are limited to low-income families and individuals. The decision to provide public housing or a voucher is made by the PHA based on whether or not they administer both programs, HUD regulations and in consideration of annual gross income, citizenship or immigration status, past rental history and criminal record.

⁵¹ 2009 Qualified Allocation Plan. This recommendation is subsumed under Action #7 of the Action Plan in the final section of this AI.

⁵² <http://www.hud.gov/local/az/renting/haweb sites.cfm>

Two Section 8 programs are available in Arizona through the Arizona Public Housing Authority: Project-Based Rental Assistance and the Housing Choice Voucher Program (available only in Yavapai County). The APHA oversees the project-based rental assistance that consists of 114 subsidized properties statewide with more than 7,900 units. The properties are affordable housing reserved for households at or below 50% of area median income. Rental subsidies are provided by the Section 8 Program of the U.S. Department of Housing and Urban Development and stay with the property, not the families. APHA staff conducts site visits at least once each year to assess compliance with HUD regulations.

Tenant based Section 8 vouchers are portable and although issued by a local PHA or by APHA, can be used for Section 8 housing anywhere in the United States under the jurisdiction of a PHA.

The state-administered Housing Choice Voucher Program is available only in Yavapai County and has a waiting list (closed as of the publication of this report) for the state allotment of 124 vouchers. Of the state’s allotment, 35 vouchers are strictly for homeless veterans as determined by the U.S. Department of Veterans Affairs.

Community Development Block Grant

Community Development Block Grant (CDBG) funding supports community development, infrastructure, affordable housing and other eligible projects. Arizona’s annual CDBG allocation is nearly \$13 million and funds projects in over seventy communities statewide. The Councils of Government (COGs) collaborate with ADOH to provide support for project administration and technical assistance.⁵³

Table 24: CDBG Allocation by Council of Government Region⁵⁴

CDBG Allocation by COG Region	Allocation Amount	Allocation Percentage
NACOG (Apache, Coconino, Navajo, Yavapai)	\$2,199,425	22.8%
WACOG (Yuma, La Paz, Mohave)	\$2,836,059	29.4%
CAAG (Pinal, Gila)	\$2,322,992	24.1%
SEAGO (Cochise, Graham, Greenlee, Santa Cruz)	\$2,279,884	23.7%
Total Allocation to Rural COGs	\$9,638,360	100%

⁵³ <http://www.azhousing.gov/ShowPage.aspx?ID=21&CID=11>.

⁵⁴ Arizona Department of Housing Information Bulletin No. 09-08, “CDBG Allocation by COG Region in compliance with Third Program Year Annual Action Plan FY 2007-2008”, March 21, 2008.

The ADOH Community Development and Revitalization division requires CDBG subgrantees to offer a minimum of three opportunities per year to further fair housing that may include an annual adoption of a fair housing resolution or proclamation and displaying fair housing posters in a public area of the community's administration building or office. Other suggested activities to meet fair housing requirements include distributing a fair housing brochure, sponsoring a fair housing poster, an essay, or poetry contest in the local schools; encouraging the media to promote fair housing awareness with public service announcements; hosting an annual fair housing meeting or forum; conducting a community-wide fair housing opinion survey; encouraging civic organizations to invite speakers to talk about fair housing; or other activities.⁵⁵ ADOH also distributes a yearly fair housing survey to subgrantees to assist with identifying fair housing impediments. Finally, ADOH distributed a fair housing complaint referral form, a referral list, and procedures to each CDBG recipient.⁵⁶

Table 25: Arizona Department of Housing Fair Housing Annual Survey Results 2009

	Question	Yes	No	Not Sure	Numerical or other answer
1	Has housing discrimination been reported to your office?	6.6%	90%	3.4%	N/A
a	Referral?	2	0	0	
b	Place?	N/A	N/A	N/A	Only one specified where
c	Copies given to complainant?	0	0	0	
2	How many staff have had fair housing training	N/A	N/A	N/A	Average is 1.3 people per response... some had 0, some as many as 5.
3	Do you have in-house training that includes fair housing?	20%	77%	3%	
a	How often?	N/A	N/A	N/A	Once a year was average answer, if at all.
b	If no, where do you send your staff for fair housing training?	N/A	N/A	N/A	
4	Has your office been instructed on ADOH's fair housing referral process?	33%	50%	17%	N/A
a	Have you received the Fair Housing Complaint/Referral Form?	37%	40%	23%	N/A
b	Do you have the list of the AZ Attorney General's Community Services Program Offices?	23%	60%	17%	N/A
5	Has the community maintained the Fair Housing Complaint/Referral log as instructed by ADOH?	33%	40%	27%	N/A
6	Is there a lack of housing available in your community for persons at or below 80% of the area median	50%	13%	37%	N/A

⁵⁵ State of Arizona Consolidated Annual performance and Evaluation Report (CAPER) Federal FY 2008. Azhousing.gov.

⁵⁶ 2008 CAPER.

	income?				
a	What percentage of your police officers, fire fighters, school teachers or other service workers live outside of your city/town's limits due to lack of affordable housing?	N/A	N/A	N/A	Varied answers, but 40% indicated they did not know...
7	Does your community distribute information on predatory lending?	13%	60%	27%	N/A
b	Is literature on predatory lending needed?	33%	30%	37%	N/A
8	Is your community faced with NIMBYism (not in my back yard) when affordable housing is discussed	40%	33%	27%	N/A
9	Would you be interested in attending a free workshop designed to provide tools and information needed to develop affordable, workforce housing in your community?	80%	10%	10%	N/A
10	Are there resources in your community that residents can access to assist them with fair housing issues?	73%	13.5%	13.5%	N/A
a	Is literature on fair housing needed?	57%	27%	16%	N/A

Number of surveys recorded: 30

ADOH conducts site visits to monitor, evaluate and document compliance with HUD guidelines by the State of Arizona's CDBG subgrantees that includes the requirement to "affirmatively further fair housing" (AFFH). ADOH provides all subgrantees with the CDBG Administrative Handbook (available at azhousing.gov) that includes guidance for compliance and documentation. Site visit documentation remains on file at ADOH for HUD review. CDBG site monitoring visits review general ledgers, program files and Davis-Bacon Act files and look for posters that must be posted (fair housing, Department of Labor wage posters, etc.) Monitors review the subgrantee's AFFH folder to see which three required AFFH activities have been completed for the current year. Numerous forms are completed, as well. Furthermore, ADOH provides ongoing technical assistance and regional trainings to subgrantees that touches on AFFH requirements.

Property Tax Policies

In Arizona, each county has a county assessor that assesses and administers property tax.⁵⁷ Arizona property taxes on owner-occupied residences are levied based on the assessed value, not current market value. Property tax bills will vary depending on the location of the property because state, county, municipal, school, and special district rates are combined to determine an area's specific tax rate. The average tax rate on homes in Arizona before exemptions and rebates is approximately 1% of market value or

⁵⁷ <http://www.azdor.gov/PropertyTax.aspx>

10% of assessed value.⁵⁸ Property tax issues are primarily local and not one that ADOH or state agencies can easily address. However, it is an issue that can have a significant effect on rural Arizona.

Before the collapse of the housing market starting in 2007, property values across the state increased and dramatically increased taxes in some areas. Rapidly rising tax rates can be a fair housing issue. As indicated in the demographic data in this report, rates of homeownership do not necessarily coincide with income. Some of the highest rates of ownership were in areas of lowest median income. There are a number of possible reasons for this. First, many homeowners in these areas bought their homes years ago when the price of housing in rural Arizona was low enough that even low-income families could purchase homes. A second reason is that purchases directly from owners through Contracts for Deed or verbal agreements are common in rural Arizona. These practices make it much easier to buy a home than going through a traditional lender. A third possible reason is that a larger number of homes in rural areas are owner-occupied and fewer homes are purchased for investment and then rented.

The increase in property values in rural areas in the years leading up to the housing crisis caused by foreclosures was dramatic. The 2006 AI stated that while property values increased, tax rates had not changed to accommodate the increase and homeowners were paying significantly more. Increases had been as much as 20% annually for a few years leading up to 2005. Property tax increases across the board have a disparate impact on lower- and fixed-income owners. While the actual increase may be larger for higher income households, low- and fixed- income households pay a higher proportion of their income for housing and their discretionary budgets are a smaller percentage of their income. Therefore, any increase cuts more deeply. Exact statistics were not available in the 2006 AI, but indications were that a greater number of low- and fixed-income families (including a proportionally large number of persons with disabilities) were either losing their homes, going into default or are on the precipice of foreclosure, in part, because of increased property tax burdens.

As noted, the real estate market has changed dramatically since the last AI was written. Foreclosures have skyrocketed and housing values have dropped to differing degrees statewide. Rural parts of the state are seeing declining home values hit later than in Phoenix or Tucson. Generally, property tax changes lag about two years behind changes in home values. Therefore, many areas have likely not yet seen the decline in home values reflected in the property tax revenues, and have not been confronted with the situation.

⁵⁸ <http://phoenix.about.com/od/govtoff/qt/proptax.htm>

This issue can affect fair housing. Due to sagging tax revenues, jurisdictions may cut services, as has already happened in many places. When funding dwindles, cuts in services, infrastructure investments, community and economic development and housing often follow. These reductions in public spending often impact neighborhoods and areas that have the greatest need which frequently have high minority concentrations and concentrations of other protected classes. Schools in high minority concentrations are of particular concern from a fair housing perspective because they are funded largely by local property taxes and any funding reduction has a negative impact on already underfunded schools. Education has an effect on the quality of job and income later in life and that affects housing choice.

Landlord/Tenant Policies

Many fair housing complaints begin as landlord/tenant issues. For example, SWFHC received a complaint from a Hispanic tenant stating that a landlord would not repair an evaporative cooler. It was not until further inquiry that it became known that the landlord exhibited a pattern of providing less services based on national origin. In another case, a tenant was being evicted for continually being late in paying the rent. What on its face appeared to be a landlord/tenant issue was, in fact, a fair housing issue since the tenant was disabled, on SSI, and did not receive his check each month until after the rent was considered late. As a fair housing issue, accepting a late payment could be considered a “reasonable accommodation” based on the tenant’s disability.

Because there is considerable gray area between landlord/tenant and fair housing issues, all public and private agencies that handle housing issues need to train their staff to recognize potential fair housing issues and accurately refer clients to where they can get information and help. As the agency survey that was conducted in non-metro Arizona indicates, this need is pervasive and is an impediment to fair housing in Arizona.

Building Codes

The Federal Fair Housing Act requires that 100 percent of ground floor units in multifamily housing projects occupied after March 13, 1991 must be accessible for persons with disabilities that require a wheelchair. Common areas in the complex must also be accessible. If any unit is not required to be accessible because of date of occupancy or location then property owners/managers are required to allow tenants, at

their own expense, to make reasonable modifications to allow access by persons with disabilities.⁵⁹

On a local level, inspection is more of an issue than is the language in the actual codes, since virtually all local codes include a reference mandating compliance with the accessibility standards of the Federal Fair Housing Act. However, this is one of the areas of the Fair Housing Act that is problematic. SWFHC has filed over fifty design and construction complaints and mediated several others in the last ten years and has come across numerous examples where the architectural plans complied with FHA but the actual construction did not and inspectors missed these discrepancies. As an example, the placement of environmental controls is a notorious problem. While six inches in the height of thermostats and electrical plugs goes unnoticed and seems like a small thing to someone who is not disabled, the variance can make that unit inaccessible for someone who uses a wheel chair. There are at least two things that can be done to reduce non-compliance and prevent expensive retrofitting after occupancy and the unit is tested. The first is for contractors, builders, and property owners to monitor compliance during construction. The second is for builders, contractors, property owners and inspectors to receive proper training to comply with Fair Housing Act requirements.

Conclusions

ADOH affirmatively furthers fair housing in the following ways:

1. ADOH requires all CDBG sub recipients' housing programs to affirmatively further fair housing (AFFH). The State's CDBG Administration Handbook accompanies the contract and contains the AFFH requirements. The following is an excerpt from that manual:

"The Community Development and Revitalization division of ADOH requires each recipient of CDBG funds to offer at least three opportunities per year to further fair housing. Those opportunities include an annual adoption of a fair housing resolution or proclamation and displaying fair housing posters in a public area of the community's administration building or office. Other fair housing activities that communities may wish to participate in for fair housing compliance are the distribution of a fair housing brochure, the sponsoring of a fair housing poster, an essay, or poetry contest in the local schools; encouraging the media to promote fair housing awareness with public service announcements; hosting of an

⁵⁹ <http://new.azhousing.gov/ShowPage.aspx?ID=173>.

annual fair housing meeting or forum; conducting a community wide fair housing opinion survey; encourage civic organizations to invite speakers to talk about fair housing; or other activities. ADOH conducts monitoring visits for fair housing compliance on all applicants and recipients of CDBG funding.”

2. ADOH monitors the compliance of subgrantees with AFFH through reviews by phone, site visits and surveys. It flags "concerns" and determines remedial actions.
3. Since 2005, ADOH has provided \$150,000 annually in non-HUD state money to conduct a comprehensive fair housing education and outreach and training program throughout its jurisdiction. This program is described in this report under the subheading “Fair Housing Education and Outreach.” ADOH reviews this program several times a year with its provider, currently SWFHC, and revisions are regularly made to improve and enhance the program.
4. ADOH conducts a comprehensive AI by an outside fair housing agency in accordance with HUD guidelines and reports AFFH activities it has undertaken annually in the CAPER.

Future Action

HUD is revising its policies and enforcement mechanisms regarding AFFH requirements. All indications are that HUD will put new emphasis on AFFH and expanding monitoring of these requirements. ADOH will prepare for these changes and enhance AFFH efforts in the following ways:

1. *Expand the annual fair housing survey of CDBG sub recipients and make its completion mandatory.* The expanded survey will include information on local zoning and land use, procedures and policies on the referral of housing complaints and information on fair housing activities, including the distribution of fair housing pamphlets and information on the inclusion of fair housing in community events.
2. *Incorporate and review fair housing planning into every housing program funded through the State.* HUD’s AFFH guidelines will be reviewed and followed. Sub recipients will be notified of deficiencies and required corrective actions.

3. *Expand the number of fair housing opportunities required by sub recipients.* An excerpt from the State of Kentucky AI is included as an example of how a state may help to clarify what AFFH entails and the types of activities that can be conducted by sub recipients. The excerpt specifically addresses the HOME program but is applicable to any federally funded housing program:

The following directions for meeting the requirements of fair housing laws are given to all recipients of HOME funding. Exhibit 10, page 4-6, of the HOME Program Implementation Manual states:

When you signed the assurances that are part of your application, you committed your locality to (1) maximizing choice within the community's total housing supply; (2) lessening racial, ethnic and economic concentrations of housing; (3) facilitating desegregation and racially inclusive patterns of occupancy and use of public facilities; and (4) administering the HOME Program in a manner to affirmatively further fair housing. You have also agreed to develop and maintain records of your efforts to ensure fair housing.

Just because your community may be small or have no or very few minority residents does not mean you need not be concerned about fair housing requirements. These requirements apply regardless of the size of the community. Moreover, the total absence of, or the presence of very few minority residents may indicate the need for fair housing activity than the lack of a problem. You should understand that fair housing provisions apply to your locality as a whole, not just those activities that are HOME related, and that implementing a fair housing program is an essential part of your HOME responsibilities.

The first step in developing a local program is to determine the extent of your fair housing needs. This determination can be made by analyzing answers to the following questions.

- Are minorities totally absent as residents of your community? If so, why?
- Do all or most of the minorities in your community live in one neighborhood?
- Are Realtors hesitant to show minorities rental or ownership units in certain areas of your community or in certain apartment buildings or subdivisions?
- Do the financial institutions in your community or in nearby towns consistently fail to provide mortgage money or home improvement loans in certain areas of the community?
- Is publicly assisted housing absent in your community?

- Are some public housing projects in the community all minority and/or all white?
- Are minorities discouraged from living in your community because public services and facilities located in or serving minority areas are of a lesser quality or quantity than those serving predominantly white areas?
- Do minorities work in your community but live elsewhere?
- Do landlords fail to rent to female heads of household with children?
- Has your community failed to adopt and enforce a fair housing ordinance?
- Does your community assist people who believe they have encountered housing discrimination?

The specific actions you take as part of your fair housing program will depend on the type and extent of your fair housing needs. You should give consideration to the following examples:

- Develop and enact a local fair housing ordinance which is at least equivalent to the federal fair housing law and preferably one with enforcement mechanisms and penalties.
- Revise the local housing authority's formal and informal policies and practices so that public housing units are not assigned to cause or perpetuate racially or ethnically separate treatment of housing opportunities.
- Work with developers and residents to ensure new assisted housing is located outside areas of minority or low-income concentration.
- Review local zoning and discuss the impacts of existing zoning on multifamily and/or less expensive single-family construction in order to modify zoning to permit or facilitate construction.
- Develop a public information program using local newspapers, radio stations, bulletin boards, churches, utility bill mailings, etc., to ensure that all segments of the community are aware of fair housing requirements, especially Realtors, landlords, financial institutions and the minority community.
- Develop a fair assistance program to make housing opportunities in non-minority areas known to minorities, to provide escort service, to monitor compliance and to pursue discrimination complaints.
- Conduct a meeting with financial institutions serving the community to discuss the implications of the Community Reinvestment Act and their need

to broaden their lending practices to all geographic locations and support community revitalization efforts.

- Survey the special housing needs of minorities and women to determine any effects of discrimination.
- Develop or fund a fair housing or human relations organization
- Develop a monitoring procedure for compliance with Fair Housing Laws.
- All fair housing efforts must be documented. If you do not document your efforts, we can only assume that none exist and that you are not in compliance with the requirements.

The Foreclosure Crisis in Arizona

The foreclosure crisis began to take hold in late 2007 in Maricopa and Pima Counties, and the devastating impact has spread through Arizona and is now negatively affecting non-CDBG entitlement jurisdictions and rural areas. By the end of the third quarter of 2009, Figure 9 shows that foreclosure rates appear to be peaking but are still at near record levels. Arizona had the second highest foreclosure rate in the nation in 2009.⁶⁰

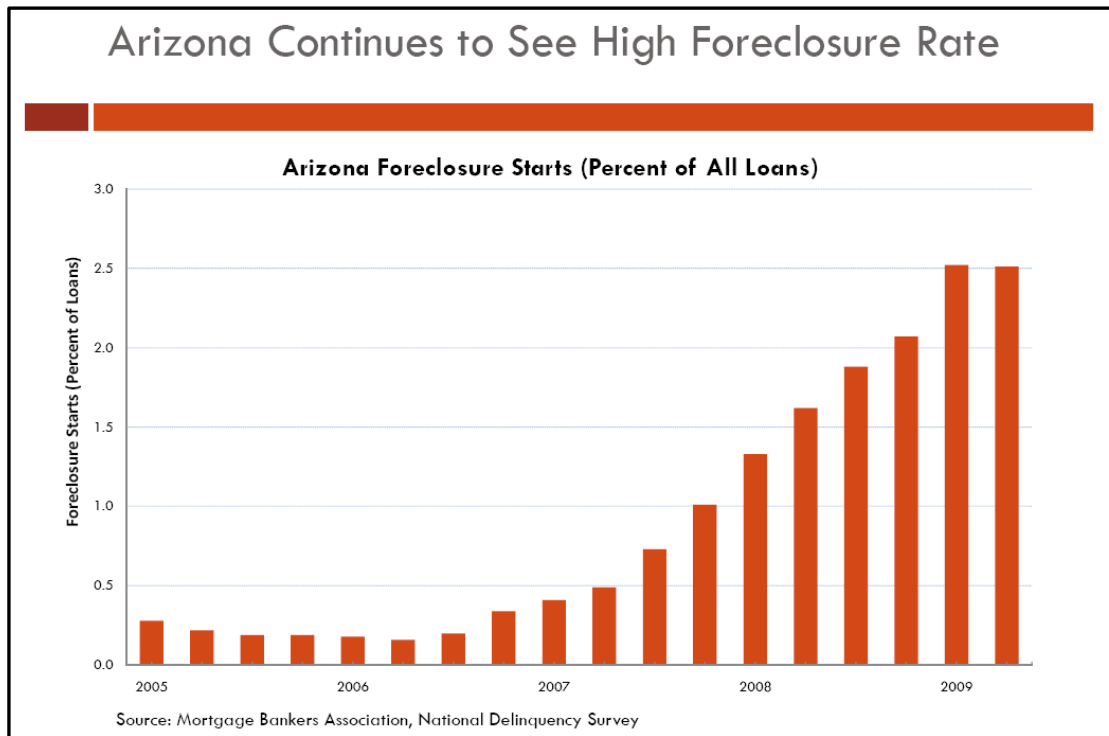


Figure 11: Arizona Continues to See High Foreclosure Rate

Some of the impacts to Arizona stemming from the foreclosure crisis include:

- Property values in Arizona have declined precipitously. Third quarter 2009 housing figures indicate that housing prices in Arizona declined 17.13% from third quarter 2008. From the second quarter 2009 to the third quarter 2009, the average sales price of a home sold in the U.S. rose two percent, while during that same period in Arizona it declined 2.11 percent.⁶¹ This indicates that Arizona’s housing market is lagging behind the nascent recovery happening in other parts of the country.

⁶⁰ “Arizona second-highest for 2009 foreclosures,” *Arizona Daily Star*, January 14, 2009.

⁶¹ Howard Fischer, “Arizona left behind as US home prices start to strengthen,” *Arizona Daily Star*, November 25, 2009.

- Since the recession began in December 2007, Arizona has lost nearly 265,000, or 9.9% of all jobs, a higher proportion than any other state. The construction sector has been hardest hit, losing 111,200 jobs, or 45% since its peak.⁶²
- Investors, including foreign buyers, have been buying deeply discounted real estate in Arizona. Rock bottom prices, a weak dollar and continued long-term confidence in the U.S. real estate market are driving the trend. Nearly half of all foreign investors paid cash in the twelve-month period that ended in May 2009.⁶³
- Due to the dramatic decrease in property values, 48% of homeowners statewide (655,540 mortgages) are underwater, the second highest percentage after Nevada. A homeowner is underwater when she owes more than the home is worth. The national average is 25%. Most of the properties that are underwater were bought between 2005 and 2008. There is a danger that underwater mortgages may lead to more foreclosures as more homeowners walk away from their overvalued mortgages.⁶⁴

Foreclosures in Rural Arizona

Many analysts point to the foreclosure crisis as the catalyst for the severe recession that began in 2007. Larger urban markets that have been devastated by foreclosures and seen property values decline precipitously, like Phoenix, Las Vegas and Miami, have received much of the attention. Data for these markets is available from companies like RealtyTrac. Researchers debate the quality of the available data, but it nonetheless provides a baseline to measure how foreclosures are affecting urban areas. Tracking the number of foreclosures and resulting impact in rural areas has proven much more difficult. Since this report focuses on the largely rural areas of Arizona outside of Pima and Maricopa Counties, the fact that rural foreclosures are more difficult to measure and analyze poses a challenge to gathering and analyzing data effectively to guide the crafting of an effective public policy response to mitigate the effects of foreclosure.

Estimates of rural foreclosures are difficult to come by, in part, because data sources use different methodologies and data collection methods and some sources do not provide data for rural areas. Furthermore, a false perception exists that rural housing markets are uniform and static when they are actually varied and dynamic. Rural mortgage markets also vary from place to place with differing degrees of access and availability to credit. Due to lack of competition and greater risk to lenders in many rural areas, rural

⁶² “Over a quarter million jobs lost in Arizona since December 2007,” *Arizona Daily Star*, November 24, 2009.

⁶³ Adrian Sainz, “Foreign investors snatch up properties,” *Arizona Daily Star*, November 23, 2009.

⁶⁴ Josh Brodesky, “One-third of local homeowners are now ‘underwater,’” *Arizona Daily Star*, November 25, 2009.

customers may have more limited access to mortgages than those in urban and suburban areas. Subprime and high cost loans were prevalent in rural areas. Finally, manufactured homes and federally funded affordable loan programs play a large role in rural housing markets. However, most foreclosure estimates omit these important aspects.⁶⁵

Non-CDBG Area’s Foreclosure Data: LISC and HUD NSP II

In response to jurisdictions’ need for quality foreclosure data to make informed policy decisions, the Local Initiatives Support Network (LISC) developed datasets for CDBG jurisdictions and at the ZIP Code level for each state that incorporate measures of subprime lending, foreclosures, delinquency and vacancies. The CDBG jurisdictions dataset is the most useful for analyzing needs on the state level, and the ZIP Code level dataset is useful for state level and local level analysis.⁶⁶

Table 26: Proportion of Problem Loans by State in and Outside of CDBG Jurisdictions- Oct. 28, 2008⁶⁷

State	Pct. of Subprime Loans		Pct. of Delinquent Loans		Pct. of Foreclosed Loans		Pct. of REO Loans	
	CDBG	Other	CDBG	Other	CDBG	Other	CDBG	Other
AZ	84.0	16.0	83.6	16.4	84.9	15.1	85.6	14.4

Table 26, when compared to population statistics described in the demographic section of this report, gives a good indication that the foreclosure crisis is having a similar impact in rural areas as it is in urban areas. The populations of CDBG entitlement jurisdictions Pima County and Maricopa County and the metro areas of the CDBG entitlement jurisdictions of Prescott, Yuma and Flagstaff⁶⁸ comprise 84.6%⁶⁹ of Arizona’s population. Table 26 shows that relative to its percentage of Arizona’s population, non-CDBG entitlement jurisdictions (100% - 84.6% = 15.4% of Arizona’s population) have nearly the same proportion of subprime loans, delinquencies, foreclosed loans and REO loans as the state’s CDBG entitlement jurisdictions. While the population estimates are rough and the comparisons to the data in table 25 are “back-of-the-napkin” calculations, it nonetheless indicates that non-CDBG entitlement jurisdictions (the area covered in this report) have proportionally suffered similar effects from the foreclosure crisis. This also

⁶⁵ “What is the Housing Foreclosure Situation in Rural America?” Housing Assistance Council, October 2009.

⁶⁶ “What is the Housing Foreclosure Situation in Rural America?”

⁶⁷ http://www.foreclosure-response.org/maps_and_data/lisc_data.html#sub1

⁶⁸ The population estimates for Prescott, Yuma and Flagstaff are from the 2008 American Community Survey.

⁶⁹ This percentage was derived by adding the population of Pima and Maricopa Counties found in the demographic section, then adding that to the metro populations of Yuma, Prescott and Flagstaff found in the 2008 American Community Survey. Finally, that sum was then divided by the total population of Arizona found in the demographic section of this report.

indicates the lack of readily available clear, precise and local data that is crucial to understanding the foreclosure crisis in specific areas throughout the state. Conditions are likely different in Thatcher than in rural Navajo County than in Kingman, for example. The fact that available data can produce only crude generalizations about the foreclosure crisis in rural Arizona is indicative of the difficulty of producing accurate data analysis to design effective public policy. Furthermore, lack of quality data can be an impediment to fair housing choice since it makes analyzing the effects of the foreclosure crisis on minorities and other protected classes very difficult.

Table 27: Foreclosure Needs Scores within States by CDBG Jurisdiction -- October 28, 2008⁷⁰

CDBG Name	Estimated Total Number of Loans	Estimated Number of Subprime Loans	Pct. of All Loans: Subprime	Estimated Number of Loans Delinquent 30+ Days	Pct. of All Loans: 30+ Days Delinquent	Estimated Number of Foreclosed Loans	Pct. of All Loans: In Foreclosure
Arizona Outside CDBG Areas	221,282	29,420	13.30	14,067	6.36	5,983	2.70
State Total	1,245,914	184,266	14.79	85,882	6.89	39,729	3.19

Table 27 continued

CDBG Name	Ratio of Local Vacancy Rate to State Rate	Capped Vacancy Ratio	Local NSP Allocation Received	Statewide NSP Allocation	Estimated Number of Loans in REO	Pct. of All Loans: In REO
Arizona Outside CDBG Areas	0.67	0.90	\$38,370,206		3,474	1.57
State Total				\$121,119,049	24,055	1.93

Table 26 further illustrates that many of the indicators and statistics related to Arizona foreclosures show similar proportions when comparing “Arizona Outside CDBG Areas” to “State Total,” indicating that non-CDBG entitlement jurisdictions are likely experiencing similar impacts caused by foreclosures as CDBG entitlement jurisdictions.

HUD’s Neighborhood Stabilization Program II (NSP 2) program estimates the following foreclosure rates for what it considers rural Arizona counties:

- Mohave: 20.6 – 35.4%

⁷⁰ http://www.foreclosure-response.org/maps_and_data/lisc_data.html#sub1

- La Paz: 7.1 – 10.4%
- Navajo: 7.1 – 10.4%
- Apache: 10.5 – 14.2%
- Gila: 7.1 – 10.4%
- Graham: 7.1 – 10.4%
- Greenlee: 10.5 – 14.2%
- Cochise: 7.1 – 10.4%
- Santa Cruz: 10.5 – 14.2%

HUD's foreclosure data use neighborhood characteristics that estimate foreclosures, but do not reflect actual foreclosures. Indicators used include high cost loans, falling home values, above average unemployment, and delinquency and foreclosure estimates from a number of data sources. Nationwide, over the past two years, HUD estimates that 5.3 million mortgages, 10.8% of all active mortgages, began the foreclosure process or were seriously delinquent. For rural areas, HUD puts the number at 738,000 mortgages, or nearly 10% of the total, which is nearly the same as for urban areas.⁷¹ The conclusion can be drawn, as Arizona's statistics show, that rural and urban areas have been similarly hard-hit by the foreclosure crisis.

⁷¹ "What is the Housing Foreclosure Situation in Rural America?"

The three maps below show the dramatic increase in foreclosures from 2007 to 2009.

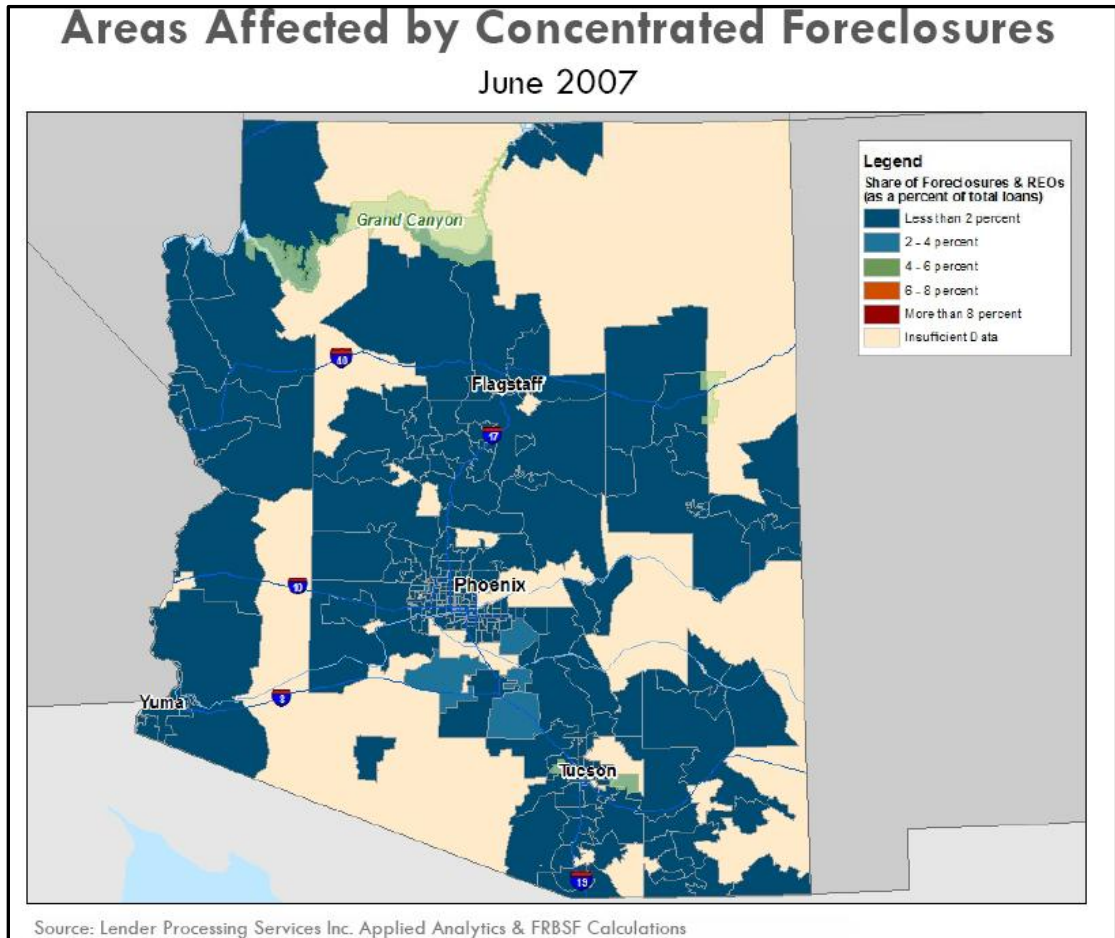


Figure 12: Areas Affected by Concentrated Foreclosures: June 2007

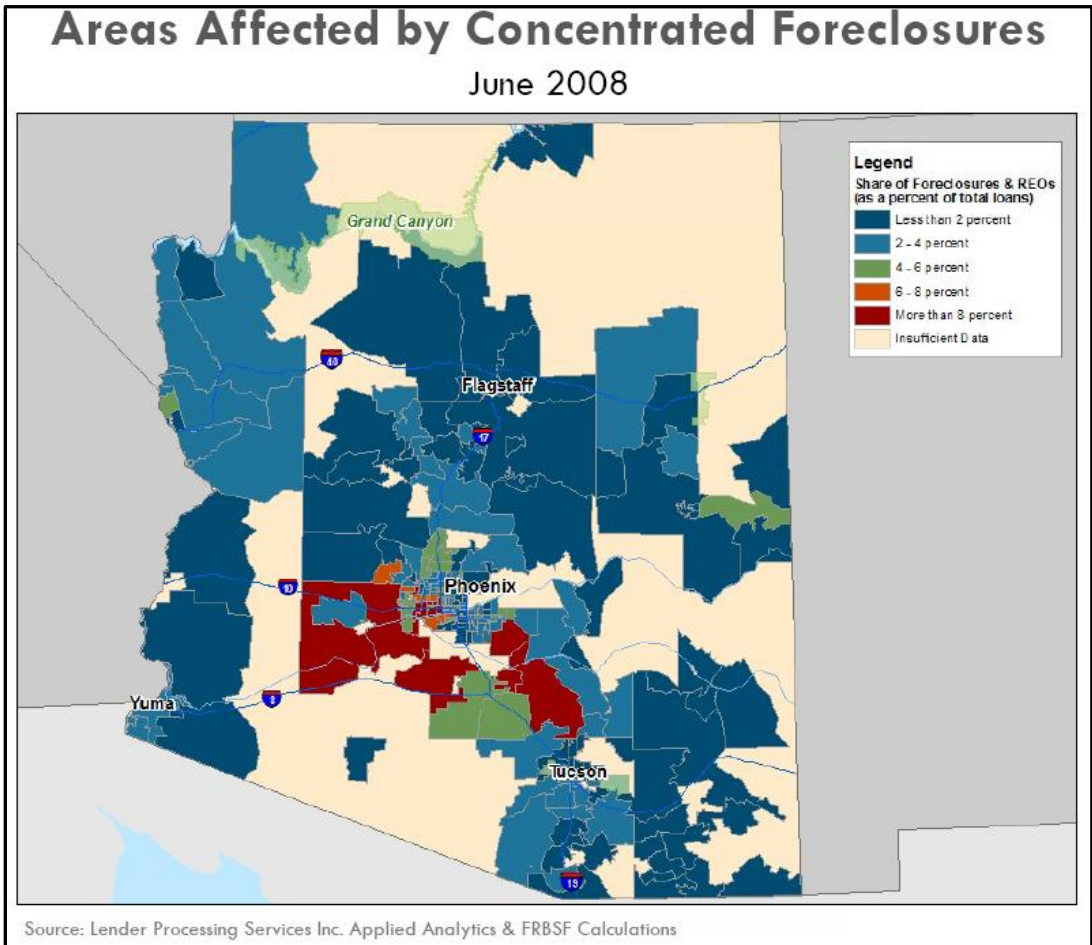


Figure 13: Areas Affected by Concentrated Foreclosures: June 2008

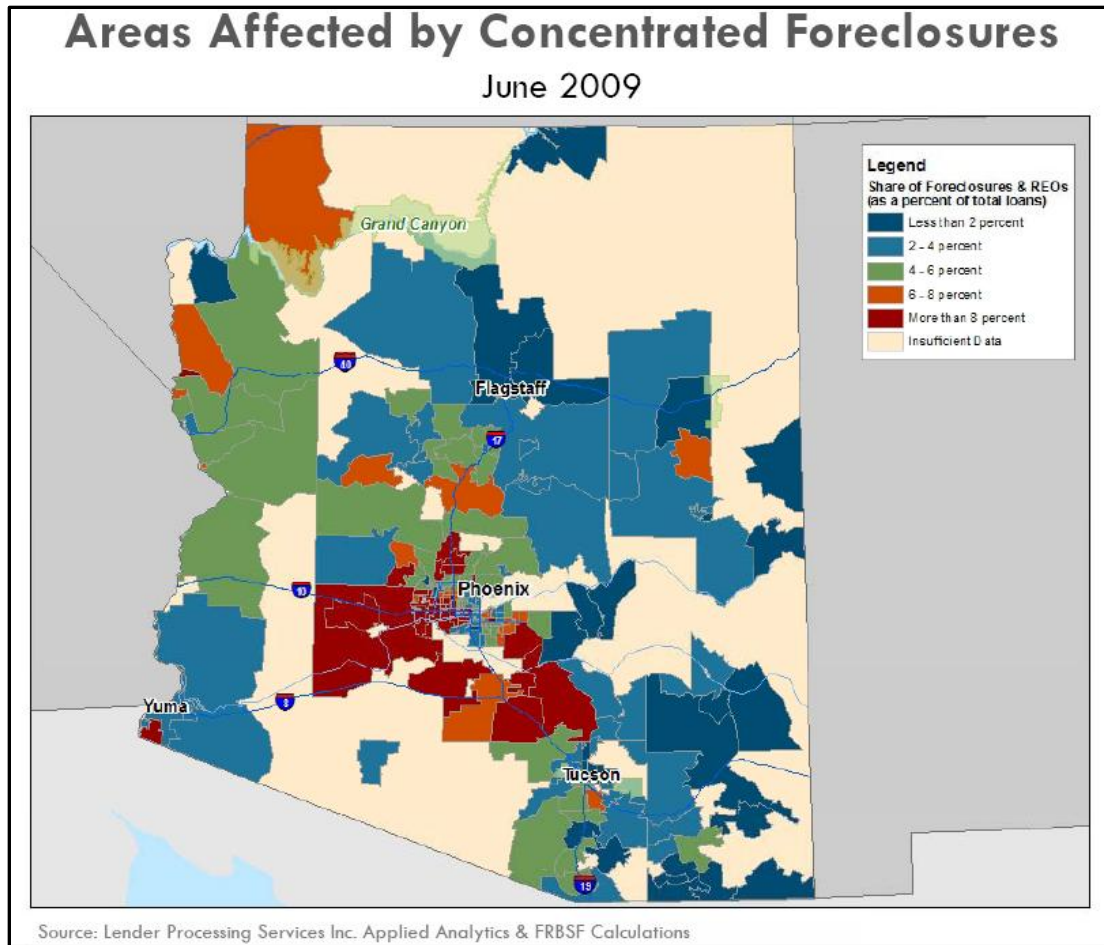


Figure 14: Areas Affected by Concentrated Foreclosures: June 2009

The foreclosure concentration maps show the explosion of foreclosures throughout Arizona from June 2007 through June 2009. These maps provide clear evidence that rural areas are being severely impacted by foreclosures and that the problem may continue to worsen. The major urban areas have seen the highest concentrations of foreclosures thus far, but the rural areas have not been spared and have seen big increases, as well. Foreclosures have been increasing statewide and rural areas appear to be lagging behind the higher rates of foreclosure concentration in the urban areas. Rural areas should therefore be closely monitored for worsening foreclosure conditions because foreclosures may yet reach the severity seen in urban areas' June 2009 concentrations.

The Impact of Foreclosures on Communities

Foreclosures throughout the state create crises in the communities where they occur by damaging people and families in the following ways:

- Foreclosures damage virtually all residents of foreclosed dwellings whether owner-occupants or renters.
- The value of homes that went into foreclosure in Pima County in 2007 is estimated at over \$600 million. Though this does not pertain to the area covered in this report, it gives an idea of how damaging the foreclosure crisis is throughout the state. It is difficult, if not impossible, to determine how much equity has been lost to individuals and families statewide, but it likely will reach into the hundreds of millions of dollars before the crisis begins to subside.⁷²
- Foreclosures affect home values in communities through the “spillover effect.”

When the decline of home values that has already occurred is combined with those that are forecast, it will eliminate the home equity reserve for many families and significantly reduce it for the rest. Some of the consequences include:

- Deferred home improvement projects and home maintenance.
- Consumer spending will decrease.
- Student loans to send children to schools and colleges will become harder to get.
- Unexpected expenses like medical bills will become more difficult to pay.
- The need for publicly funded social services, particularly for the elderly will increase.

Because of the current foreclosure crisis, many families will experience a decline in their standard of living, a reduction in their quality of life and increased insecurity and tension. Foreclosures also damage neighborhoods and communities in the following ways:

- In Pima County, the financial spillover effect of foreclosures led to a reduction in the property tax base, sales tax collection and other revenue. This will likely hit other jurisdictions throughout Arizona. Since tax assessments lag home market value by about two years, the impact of the decrease in home values on tax revenues is delayed. When tax assessments catch up, tax districts throughout the state will face some very difficult decisions in order to maintain public services, programs, and governmental functions that depend on local taxes. Responses are essentially limited to raising the tax

⁷² Zillow.com estimates that foreclosures in Metro Tucson are currently selling for an average of 22% under market value.

rate, expanding and increasing fees and penalties and/or cutting back on services and programs. None of these will be politically popular.

- Foreclosures cause a reduction in consumer spending which depresses the local economy and reduces revenue from sales taxes that pay for the maintenance of public infrastructure, public services and community programs.
- “The American Nightmare” report from which this section draws from was published in September 2008. By December 12, 2008, the Tucson City Council approved \$31 million in budget cuts to help deal with the projected budget deficit of \$80 million for 2008. Fees for parks and the Tucson Convention Center will increase and new police officers and firefighters will not be hired. Budget conditions have been even worse in 2009. The city is expecting sales taxes to be negative for three consecutive fiscal years.⁷³ Reduction in property tax revenue will combine with the reduction in sales tax revenue to have a severe negative effect on local government.⁷⁴ Again, even though Tucson is not covered in this report, the affect that the foreclosure crisis has had on Tucson provides an example of what other jurisdictions throughout the state to differing degrees will experience or are experiencing.
- Foreclosures have direct costs through increases in law enforcement, lost revenue from utilities, and increased demand for social services. Studies show that the cost of one foreclosure can directly cost a community thousands of dollars depending on the location.
- Neighborhoods can be destabilized when investors and speculators buy foreclosed properties that were owner-occupied and turn them into rentals.
- Neighborhoods with high foreclosure rates negatively impact nearby businesses, further contributing to the downward economic spiral caused by foreclosures.
- Neighborhoods with foreclosures become more vulnerable to “red lining” by lenders and insurance providers who either increase rates and fees or restrict the availability of loans and coverage.

Foreclosures’ Impact on Fair Housing

The foreclosure crisis has serious fair housing implications. Predominantly minority neighborhoods have historically experienced high levels of housing discrimination. Post-

⁷³ Rob O’Dell, “City Council OKs \$32 M in budget cuts,” *Arizona Daily Star*, December 10, 2008.

⁷⁴ Rob O’Dell, “City must cut \$32M more, Hein says,” *Arizona Daily Star*, December 4, 2008.

World War II suburbanization facilitated by cheap federal mortgages available to whites only stranded many minorities in central cities experiencing disinvestment in favor of new suburbs. Later, urban renewal razed many thriving inner-city minority areas or spliced them with new freeways further favoring suburban expansion. By the 2000s, this pattern was turned on its head. After years of both overt and covert discrimination, the mortgage industry began to target minorities for subprime loans as the demand exploded for securitized mortgages on secondary markets.⁷⁵

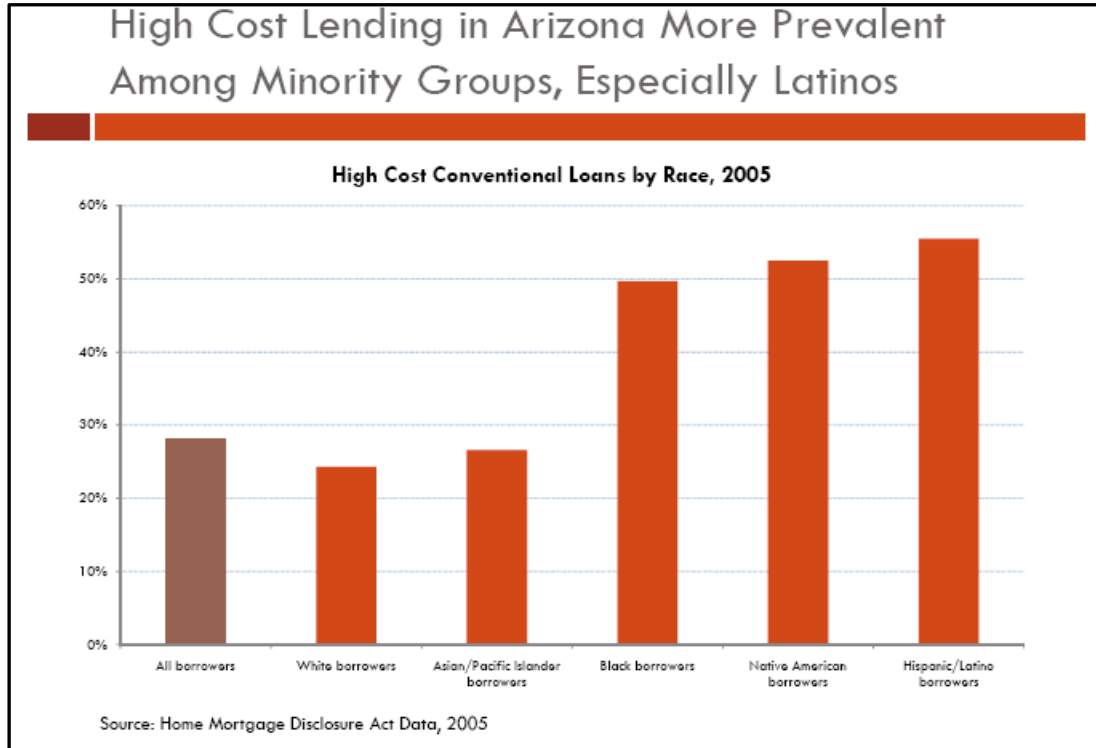


Figure 15: High Cost Lending in Arizona More Prevalent Among Minority Groups, Especially Latinos

Minority borrowers received a much higher percentage of subprime loans than did whites. A large percentage of these subprime loans, often with adjustable interest rates, proved toxic for many borrowers resulting in a high default rate. Even more insidious, many minorities qualified for prime loans but were sold subprime loans anyway. The subprime meltdown caused the collapse of the housing market and led to the worst recession since the Great Depression.⁷⁶

Minority neighborhoods have been hard-hit by the foreclosure crisis because of the high number of subprime loans they received. Insurance companies often effectively redline areas with high foreclosure rates. Owner-occupants are forced out by foreclosures and

⁷⁵ Michael Powell, "Bank Accused of Pushing Mortgage Deals on Blacks," *New York Times*, June 6, 2009.

⁷⁶ "Fair Housing and the Foreclosure Crisis," www.civilrights.org/publications/reports/fairhousing/foreclosure-crisis.html.

would-be owner-occupants cannot get mortgage loans or insurance. Other owner-occupants leave by choice due to the decline and both public and private disinvestment often follows. Falling government revenues force spending cuts for public infrastructure and social programs. Private businesses become more reluctant to open or expand and others close. Neighborhoods that have often struggled because of historic discrimination are suffering decline and blight as foreclosed houses stand empty and speculators pick up cheap properties and turn them into rentals. These factors can lead to a downward spiral and reinforce traditional patterns of housing segregation.

Home Mortgage Disclosure Act (HMDA) Data⁷⁷

Introduction

The Home Mortgage Disclosure Act (HMDA) requires lending institutions to report public loan data. It was enacted by Congress in 1975 and implemented by the Federal Reserve Board's Regulation C. The loan data that is collected can be used to assist:

- Determining whether financial institutions are serving the housing needs of their communities.
- Public officials distributing public-sector investments to attract private investment to areas where it is needed.
- Identifying possible discriminatory lending patterns.⁷⁸

A major reason that congress originally enacted HMDA was to collect data to see if redlining by banks of certain areas – generally low-income and/or minority areas – was occurring. Since HMDA was enacted in 1975, changes have been made to increase the types of data gathered on originated loans to help show whether minorities and females were being denied at higher rates and to show whether or not some classes of borrowers were getting higher rates on loans. After some years of data analysis, the Community Reinvestment Act (CRA) was enacted in response to data that showed that redlining had been occurring. The CRA essentially forces lenders to show that they will lend in areas where they take deposits so that deposits are not taken from the poor only to fund loans to wealthier people that live elsewhere.⁷⁹

⁷⁷ HMDA data tables are found in the Appendix.

⁷⁸ <http://www.ffiec.gov/hmda/> (Home Mortgage Disclosure Act 2009)

⁷⁹ Bill McBride, "HMDA Data on High Priced Loans," *Calculated Risk*, October 11, 2007. <http://www.calculatedriskblog.com/search/label/HMDA>.

NCRC 2007 Home Lending Analysis of Arizona and Selected Counties⁸⁰

The National Community Reinvestment Coalition (NCRC) conducted portfolio share, market share, and denial rate analysis using 2007 HMDA data with the following specifications: all single-family lending (home purchase, home improvement, and refinance loans, combined); conventional and government-insured; single family units; owner-occupied units; first liens; and in the following areas:

- State of Arizona
- All rural counties in Arizona, as a group⁸¹
- Cochise, Graham, Greenlee & Santa Cruz, as a group
- La Paz, Mohave, & Yuma, as a group
- Apache and Navajo, as a group
- Coconino and Yavapai, as a group
- Gila and Pinal, as a group

For the portfolio share analysis (see table 1 in the appendix), NCRC evaluated the prime and subprime share of loans to white borrowers, Hispanic borrowers, Native American borrowers, low- and moderate-income borrowers, middle- and upper-income borrowers, as well as male and female borrowers. Lending patterns were then compared to the demographics of the counties to illustrate potential lending disparities.

In the market share analysis (see table 2 in the appendix), NCRC provides the market share percent figure, which compares the portion of subprime loans made to a particular borrower group to all loans (prime and subprime) made to that same borrower group. The disparity ratio illustrates how much more often lenders made subprime loans to one borrower group compared to another borrower group. For example, in Table 2, in the state of Arizona, lenders issued subprime loans to Hispanics almost 2.6 times more often than to white non-Hispanic borrowers.

⁸⁰ When the HMDA analysis for this AI was initiated, 2008 data was not yet available but now is. In consultation with NCRC it was determined that the analysis of 2007 would be more telling and offer a better perspective on determining trends since at that point there was still “normalcy” and generally a dynamic consistent with prior years. On the other hand, because of the collapse of the housing and home loan markets, 2008 is a likely total aberration and does not help show a trend. What exactly the 2008 HMDA data tells us about fair lending will not be known for a few years when it can be viewed in the context of subsequent years that are driven by a very different “post collapse” market dynamic.

⁸¹ The definition for “Rural Arizona” has changed from 2004 to 2007 resulting in a change in the demographic composition of the area. In 2007, Apache county was classified as rural and Mohave county was not defined as rural. Thus, the 2007 data includes Apache and excludes Mohave, resulting in a substantial increase in the Native American population in the area.

Prime loans are loans made at prevailing interest rates to borrowers with good credit histories. In contrast, subprime loans have higher than prevailing rates and are made to borrowers with credit blemishes. The higher rates compensate lenders for the added risks of lending to borrowers with credit blemishes. While responsible subprime lending serves credit needs, public policy concerns arise when certain groups in the population receive a disproportionate amount of subprime loans. When subprime lending crowds out prime lending in traditionally underserved communities, price discrimination and other predatory and deceptive practices become more likely as residents face fewer product choices. For this analysis, loans are considered subprime if their price is reported per the HMDA regulatory requirements for the 2007 data.

What HMDA Data Can Illustrate

HMDA data over the years shows that low-income and minority borrowers average higher rates on loans. However, because HMDA data does not include any reliable measure of credit history, analysis cannot conclude that the higher rates are explained by the poorer credit of the borrowers. High priced lending data is collected to try to quantify the number of loans made at a level that will be explainable by either the loan's risk factor (whether the borrower has good or bad credit) or discrimination.⁸² Discriminatory lending practices based on the seven protected classes are jurisdictional to the Fair Housing Act (FHA), and for this reason, monitoring HMDA data on a regular basis can provide evidence of discriminatory lending practices.

Many factors that are not necessarily discriminatory can cause lending disparities. Therefore, HMDA data acts as a red flag that can help direct further investigation into discriminatory practices. If borrowers get a loan with a high interest rate (subprime) for good reason (i.e. they have poor credit histories and constitute a higher risk for lenders), then high interest rates do not need explanation. However, subprime loans are often concentrated in low-income and minority borrower groups and there is no basis to assume that these borrowers are more likely to have credit issues that warrant such loans than other borrower groups. This logic, based on HMDA data, helps to underscore how HMDA data can indicate possible discrimination.⁸³

Analysis Summary

The analysis of the HMDA data by NCRC shows that lending discrimination is likely occurring throughout Arizona based on the following findings:

⁸² Bill McBride, "HMDA Data on High Priced Loans," *Calculated Risk*, October 11, 2007. <http://www.calculatedriskblog.com/search/label/HMDA>.

⁸³ McBride, "HMDA Data on High Priced Loans."

- Disparities in high-cost lending were significant for Hispanics on a statewide level and in rural counties.
- Statewide, minorities and low- and moderate-income people were more likely than whites were to receive a high-cost loan.
- Cochise, Graham, Greenlee and Santa Cruz had the largest prime-subprime disparities in lending to Hispanics in both 2004 and 2007 (when comparing the percent of prime and subprime loans to Hispanics).
- A between-county comparison shows that Coconino and Yavapai counties have surpassed Apache and Navajo counties in 2007 compared to 2004 in terms of subprime market share disparities between Native Americans and white, as well as Hispanics and whites.
- In 2007, Native Americans were 3.17 times and Hispanics were 2 times more likely than white Anglos were to receive subprime loans In Coconino and Yavapai counties.
- For Native Americans, a prominent issue is the low level of loans compared to the Native American population, particularly in Apache and Navajo counties. Lenders probably remain hesitant to lend in tribal lands due to peculiarities associated with tribal law. More investigation is needed about whether these legal barriers are real or could be surmounted.
- Throughout Arizona, minority and low- and moderate-income borrowers are more likely to be denied a loan than whites are.
- Denial rates have increased across the board statewide.

The credit crunch affected communities of color in Arizona as shown in the following statistics:

- The number of loans to Native Americans almost halved between 2004 and 2007 (from 3,147 loans in 2004 to 1,697 loans in 2007).
- Hispanic borrowers received 42,081 loans in 2004 and only 37,087 loans in 2007.
- Denial rates for Hispanics and Native Americans also increased during this period, but so did denial rates for Whites.

Portfolio Share Analysis

This section will provide a detailed analysis of lending patterns in two counties. It will then compare the seven regions against each other in terms of lending disparities to Hispanics and Native Americans.

Cochise, Graham, Greenlee, & Santa Cruz

- White non-Hispanic borrowers made up about 60% of the households in these counties and received approximately 51.8% of all prime single-family loans and 33.97% of all subprime loans. Comparatively, Hispanics, which comprised 32.6% of the households in this area, received a little over 30% of all prime loans and 49.6% of all subprime loans. Whites received a portion of prime loans that was 17.87 percentage points greater than subprime loans, while Hispanics received a share of subprime loans that was 19.55 percentage points greater than their portion of prime loans. Native Americans made up 2.3% of the households in these counties and received a little over 1% of all the prime loans and 1.2% of all the subprime loans (Table 1a).
- The majority of prime lending went to middle-and upper-income borrowers at 89.87%, while only 10.13% prime loans went to low- and moderate-income borrowers. Similarly, a little over 14% of subprime loans went to low- and moderate-income borrowers, while 85.8% went to middle-and upper-income borrowers. Middle- and upper-income households represent 60.9% of all households compared to the 39.1% of low- and moderate-income households (Table 1a).
- Male borrowers received similar proportions of prime and subprime loans, 30.5% and 32.3%, respectively. Female borrowers, on the other hand, received 18.8% of all prime loans and about 24.5% of all subprime loans in the area. Thus, the share of high-cost loans to males in the area was 1.8 percentage points higher than their share of prime loans, and the share of high-cost loans to females was over 5.6 percentage points higher than their share of prime loans. A comparison between lending and demographic data is not performed for male and female borrowers due to the large number of joint borrowers (female and male co-signers on loans) in the lending data that is not comparable to the Census data that identifies a household as either male- or female-headed.

La Paz, Mohave, & Yuma

- Whites received 56.5% of all prime single-family loans made to all borrowers. Whites also received about 45.8% of all subprime loans. At the same time,

over 74.6% of all households in the area were headed by a white borrower. In comparison, while 20.6% of households were Hispanic, lenders issued 39.6% of all subprime loans and 29.1% of all prime loans to Hispanic borrowers. Of the prime single-family loans issued in the area in 2007, 2.17% were issued to Native Americans. Meanwhile, 1.92% of all subprime loans were also made to Native Americans, who comprised 2.3% of all households in the area (Table 1a).

- While 60.77% of households were middle-to upper-income, lenders made 84.98% of all prime loans and 84.59% of all subprime loans to middle- and upper-income borrowers. Comparatively, 39.23% of all households were low-to moderate income, but lenders only issued 15.02% of their prime loans and 15.41% of their subprime loans to low- and moderate-income borrowers (Table 1a).
- In 2007, less than 18.3% of all prime single-family loans were made to women, while female borrowers also received over 25.9% of all subprime loans. Thus, the share of high-cost loans to females was over 7.7 percentage points higher than their share of prime loans. Additionally, men received about 27.7% of all prime loans and 33.7% of all subprime loans, resulting in over 5.9 percentage point difference between their share of high-cost vs. prime loans (Table 1a).

Comparing Regions by Portfolio Share Indicators

Percent of Hispanic Households Compared to Percent of Subprime Loans

- When comparing the proportion of subprime loans made to Hispanic borrowers to the percent of Hispanic households, the state of Arizona performed worst of the seven regions. Hispanics represented about 17.5% of all households in the state of Arizona yet they accounted for almost 40% of all single-family subprime loans. This represented a difference of 22.5 percentage points. Rural counties in Arizona also performed poorly on this indicator, as Hispanics made up 19.8% of all rural households yet received 35.3% of all subprime loans, which made for a difference of 15.5 percentage points (Table 1a). Additionally, geographical areas with large disparities include Cochise, Graham, Greenlee, and Santa Cruz, as well as La Paz, Mohave, and Yuma counties. Conversely, Coconino and Yavapai counties performed best for this indicator, as Hispanics there represented about 7.3% of the households and received a little over 11% of all subprime loans (a difference of only 3.8 percentage points).

Difference in Portion of Prime and Subprime Loans for Hispanics

- Once again, the state of Arizona performed worse than the rest of the regions in our analysis with regards to the share of prime vs. subprime loans made to Hispanic borrowers. Hispanic borrowers received almost 40% of all subprime loans while only receiving 17.3% of all prime loans, a difference of 22.7 percentage points. Cochise, Graham, Greenlee, and Santa Cruz counties also performed poorly on this indicator, as Hispanic borrowers received 49.6% of all subprime loans and only a little over 30% of all prime loans, a difference of almost 19.4 percentage points. In contrast, Apache and Navajo counties performed best for this indicator. Yet, even in Apache and Navajo counties, Hispanics borrowers received over 11.9% of all subprime loans and 6.5% of prime loans for a percentage point difference of 5.4 (Table 1a).

Percent of Native American Households Compared to Percent of Subprime Loans

- The difference between percentage of Native American households and proportion of subprime loans made to Native American borrowers was positive for all seven areas. Therefore, lending disparities were not well reflected from this percentage difference. However, a look into the number of loans issued to Native Americans compared to their demographics reveals a rather low rate of lending to this borrower group. For example, there were 67,858 Native American households in the state of Arizona, yet, this borrower group only received 1,697 single family (i.e. prime and subprime) loans. In addition, in Apache and Navajo counties, Native Americans comprised over 51.6% of the households yet received a total of 2.48% of all single-family loans (a difference of over 45.7 percentage points between this group's share of loans and demographic composition).
- La Paz, Mohave, and Yuma counties comprised the area with the lowest percentage point difference between percent of households that were Native American and share of subprime loans issued to Native American borrowers; 2.3% of the households in the area were headed by Native Americans and accounted for just over 1.9% of all subprime loans, a difference of 0.39 percentage points. Interestingly though, Native Americans in the counties of Apache and Navajo made up over 51.6% of the households but accounted for 5.9% of all subprime loans and 1.7% of all prime loans (Table 1a). The very low percentages of loans to Native Americans in Apache and Navajo counties could be due to tribal trust land restrictions on collateral. Lenders hesitate to make loans on reservations when they cannot seize houses when borrowers are in default.

Difference in Portion of Prime and Subprime Loans for Native Americans

- Apache and Navajo counties had the largest percentage point difference between the percent of subprime loans made to Native American borrowers

and the percent of prime loans made to Native American borrowers. As discussed above, Native American borrowers received 5.9% of all subprime loans and only 1.7% of all prime loans, a difference of 4.41 percentage points. However, La Paz, Mohave, and Yuma counties, performed best on this indicator; Native Americans in this area received 2.17% of all prime loans and 1.92% of all subprime loans, a positive difference of 0.26 percentage points (Table 1a).

Comparing Portfolio Share Indicators between 2004 and 2007

- Generally, the shares of subprime loans received by Native Americans, low- and moderate-income borrowers, as well as males and females have decreased from 2004 to 2007 in all areas included in this analysis. In contrast, the share of subprime loans held by middle- and upper-income borrowers has increased substantially from 2004 to 2007 for all areas included in this analysis. For example, a little over 59% of all loans issued to middle- and upper-income borrowers in Gila and Pinal counties were high-cost in 2004, while this group's share of high-cost loans increased to over 73% in 2007. The share of high-cost loans to Hispanics has also slightly increased between 2004 and 2007 in all of the areas included in this analysis except Cochise, Graham, Greenlee, and Santa Cruz counties (see Tables 1a & 1b).
- Cochise, Graham, Greenlee, and Santa Cruz counties had the largest prime-subprime disparities in lending to Hispanics in both 2004 and 2007. Apache and Navajo counties, on the other hand, displayed the largest disparities in prime-subprime lending to low- and moderate-income borrowers for both 2004 and 2007 (Tables 1a & 1b).

Market Share Analysis

Apache & Navajo

- In Apache and Navajo counties, 16.75 % of all single family loans to whites were subprime. In comparison, 29.6% of the loans issued to Hispanics were subprime and, even more strikingly, 43.9% of the loans issued to Native Americans were subprime. Thus, Native Americans were 2.62 times more likely than whites to receive a subprime loan, and Hispanics were 1.77 times more likely to receive a subprime loan, as compared to their white counterparts (Table 2a).
- Almost 19.6% of all single-family loans issued to middle- and upper-income borrowers were subprime. In comparison, almost 29.3% of all single-family loans issued to low- and moderate-income borrowers were subprime. Consequently, low- and moderate-income borrowers were 1.5 times more

likely than middle- and upper-income borrowers to receive a subprime loan (Table 2a).

- Lastly, females were just as likely as males to receive a subprime loan, yet, a look into the number of loans issued to females in the area shows the volume of lending to females to be rather small. In particular, while 14,934 of the area's households were female headed, females received only 321 single-family loans in the year 2007 (Table 2a).

La Paz, Mohave & Yuma

- In the counties of La Paz, Mohave, and Yuma, 14.77% of all single-family loans to Native Americans were subprime compared to 21.27% of all loans to Hispanics that were subprime. Of all single-family loans issued to whites, 14.4% were subprime. These differences in the market share of loans make up for a 1.03 disparity ratio for Native Americans to whites, and a 1.48 disparity ratio for Hispanics to whites. Of all loans to middle- and upper-income borrowers, a little over 17% were subprime, compared to 17.55% of all loans issued to low- and moderate-income borrowers that were subprime (Table 2a). Consequently, low- and moderate-income borrowers were just as likely as middle- and upper-income borrowers to receive a subprime loan.

Comparing Regions by Market Share Disparities

Native American Borrowers

- In the counties of Coconino and Yavapai, 33.8% of all loans to Native Americans were subprime compared to 10.7% of all loans to whites that were subprime. Native Americans were, therefore, 3.17 times more likely than whites to receive a subprime loan. Furthermore, in Apache and Navajo counties, Native Americans were 2.62 times more likely to receive a subprime loan than whites. Conversely, in La Paz, Mohave, and Yuma counties, Native Americans were only 1.03 times more likely to receive a subprime loan than whites (Table 2a).

Hispanic Borrowers

- In the state of Arizona, 32.6% of all loans to Hispanics were subprime compared to 12.6% of all loans to whites that were subprime. Hispanics were, therefore, 2.59 times more likely to receive a subprime loan than whites (Table 2a). Moreover, in Coconino and Yavapai counties, Hispanics were 2.01 times more likely to receive a subprime loan than whites. Disparities in the likelihood to receive a subprime loan were smallest in La Paz, Mohave, and Yuma counties, still, Hispanics in the area were 1.48 times more likely than whites to receive a subprime loan.

Low-and Moderate-Income Borrowers

- In Apache and Navajo counties, 29.28% of all loans to low- and moderate-income borrowers were subprime while 19.55% of all loans to middle- and upper-income borrowers were subprime (Table 2a). Thus, low- and moderate-income borrowers were one-and-a-half times more likely than middle- and upper-income borrowers to receive a subprime loan. Apache and Navajo counties had the largest disparity in market share of subprime loans to low- and moderate-income compared to middle- and upper-income borrowers. In contrast, there was very little disparity in La Paz, Mohave, Yuma, Coconino, Yavapai, Gila, and Pinal counties.

Female Borrowers

- Among the seven areas, four had greater-than-one disparity ratios, which indicated a slightly higher likelihood for females to get subprime loans. However, all of the remaining areas had disparity ratios smaller than one, which indicated that males, rather than females, were more likely to get subprime loans.

Comparing Market Share Disparities between 2004 and 2007

- The number of all single-family loans to Native Americans almost halved between 2004 and 2007 in the state of Arizona (from a total of 3,147 loans in 2004 to 1,697 loans in 2007). Similarly, Hispanic borrowers in Arizona received a total of 42,081 single-family loans in 2004 and this number dropped to 37,078 loans in 2007. Moreover, the number of loans to low- and moderate-income borrowers in Arizona was 71,610 in 2004 but dropped to only 38,842 in 2007 (see Tables 2a & 2b).
- The shares of subprime loans held by Native Americans, Hispanics, and low- and moderate-income borrowers increased from 2004 to 2007 in both rural Arizona and the state as a whole. For example, Hispanic borrowers in Arizona accounted for 25.7% of the subprime loans in 2004, and their share of subprime loans increased to 32.6% in 2007 (Tables 2a & 2b).
- A between-county comparison shows that Coconino and Yavapai counties have surpassed Apache and Navajo counties in 2007 in terms of subprime market share disparities between Native Americans and whites, as well as Hispanics and whites. Subprime market share disparities for Native Americans and Hispanics were greatest in Apache and Navajo counties in 2004 (as compared to all other counties included in the analysis), but by 2007, the area including Coconino and Yavapai counties displayed the greatest subprime market share disparities between Native Americans and whites, and Hispanics and whites.

Denial Rates

Cochise, Graham, Greenlee & Santa Cruz

- In Cochise, Graham, Greenlee, and Santa Cruz counties, white borrowers were denied a loan about 25% of the time in 2007. In comparison, Hispanics were denied a loan over 39% of the time and the respective number for Native Americans was 43.8%. Thus, when applying for a loan, Hispanics were 1.57 times more likely and Native Americans were 1.74 times more likely to be denied a loan, as compared to white borrowers (Table 3).
- Likewise, low- and moderate-income borrowers were 1.44 times more likely to be denied a loan, compared to middle- and upper-income borrowers.

La Paz, Mohave & Yuma

- The smallest denial disparities among all regions included in this analysis were observed in the area including La Paz, Mohave, and Yuma counties. In this region, Hispanics and Native Americans were almost as likely as white borrowers to receive a loan denial (see Table 3).

Comparing Regions by Denial Rate Disparities

Native American Borrowers

- The area including Apache and Navajo counties displayed the largest denial disparities between Native Americans and whites among all areas included in this analysis. Native Americans in the area were over twice as likely as whites to be denied a loan in 2007. Native Americans were also almost twice as likely as whites to receive a loan denial in Gila and Pinal counties. With the exception of the region including La Paz, Mohave, and Yuma counties, Native Americans were substantially more likely than whites to receive a loan denial in all areas included in our analysis.

Hispanic Borrowers

- The area including Cochise, Graham, Greenlee, and Santa Cruz counties had the highest denial disparity ratio between Hispanic and white borrowers. Hispanics in this area were 1.57 times more likely than whites to be denied a loan. Once again, the smallest denial disparities were observed in La Paz, Mohave, and Yuma counties (Table 3).

Low-and Moderate-Income Borrowers

- The highest denial disparities between low- and moderate-income and middle- and upper-income borrowers were observed in Apache and Navajo

counties. Low- and moderate-income borrowers in this area were denied a loan over 45% of the time. Stated differently, low- and moderate-income borrowers were denied a loan 1.48 times more often than middle- and upper-income borrowers in the area (Table 3).

Comparing Denial Disparities between 2004 and 2007

- Overall, the share of denials out of all loan applications has increased between 2004 and 2007 in most areas included in this analysis. Moreover, the share of denials out of all loan applications has increased for minorities and whites alike. For example, in the state of Arizona, a little over 14% of white applications resulted in denials in 2004, but this number has increased to 22.5% in 2007. Similarly, Native Americans in Arizona were denied a loan over 27% of the time in 2004 and this share of denials increased to 38.6% in 2007 (Table 3).
- At the same time, the denial disparity ratio between minorities and whites, as well as low- and moderate-income and middle- and upper-income borrowers has decreased. For example, Native Americans in Arizona state were 1.89 times more likely than whites to be denied a loan in 2004 and 1.72 times more likely to receive a denial in 2007 (Table 3). This decrease in denial disparity is likely attributable to the increase in the share of denials to whites between 2004 and 2007.

assessment of current public and private fair housing programs & activities in arizona

Fair Housing Community Survey Results

Purpose and Methodology

The Southwest Fair Housing Council designed a survey for the 2006 state AI to understand fair housing issues including patterns of housing discrimination. The survey was used again for the 2009 state AI so that the results can be compared. Though the survey is not scientific or statistically significant, it nonetheless provides significant insight into people’s understanding of and attitudes towards fair housing. It also helps to shed light on the extent to which Arizonans believe that they encounter housing discrimination and which types are most prevalent. The survey was available for completion online and was distributed as hard copy at various fair housing events and other sites throughout the state with the exception of Maricopa and Pima Counties since the AI excludes those counties and the jurisdictions in them. The results below compare the results of 470 surveys collected during the second half of 2009 to the same survey completed by 330 Arizonans in 2006 for the last AI.

Survey Results

Table 28: Race/Ethnicity

Race/Ethnicity	Percent (based on number that responded to the question) – 2009 –	Percent (based on number that responded to the question) – 2006 –
White/Anglo	38%	53.63%
Hispanic	45%	31.12%
African American	3%	3.03%
Native American	3%	5.15%
Mixed Race/Other	11%	7.07%

Table 29: Sex

Sex	Percent (based on number that responded to the question) – 2009 –	Percent (based on number that responded to the question) – 2006 –
Male	28%	40%
Female	72%	60%

Table 30: Disability

Disability	Percent (based on number that responded to the question) – 2009 –	Percent (based on number that responded to the question) – 2006 –
Yes	15%	8.48%
No	85%	91.52%

Table 31: Respondents Encountering Discrimination

Have you or someone you know ever encountered housing discrimination?	Percent (based on number that responded to the question) – 2009 –	Percent (based on number that responded to the question) – 2006 –
<i>Yes/May have</i>	42%	27%
No	49%	65.5%
<i>Don't Know/NA</i>	9%	Not a survey answer in 2006

Table 32: Types of Discrimination Reported by Respondents (personally experienced or know someone who has**)

Types of discrimination reported by respondents	Percent (based on number of responses) – 2009 –	Percent (based on number of responses) – 2006 –
Refusing, discouraging, or charging more to rent an apartment or buy a home.	29%	27.20%
Discouraging a person from living where they want to live. Steering them to another apartment, complex or neighborhood.	36%	21.20%
Refusing, discouraging, making it more difficult or charging more or providing less favorable terms on a home loan to buy, refinance, fix up or use the equity in a home.	16%	10.61%

Refusing, discouraging or charging more for home insurance.	4%	5.95%
Refusing to make reasonable accommodations or allowing a modification to make an apartment more accessible for person with a disability.	20%	12.67%
Predatory lending: Unfair, misleading and deceptive loan practices.	27%	9.31%
Other	29%	13.06%

**Many respondents gave more than one answer.

Table 33: Types of Discrimination Reported by Respondents (that they believe exist in Arizona***) 2009 ONLY

Types of discrimination reported by respondents	Percent (based on number of responses)
Refusing, discouraging, or charging more to rent an apartment or buy a home.	44%
Discouraging a person from living where they want to live. Steering them to another apartment, complex or neighborhood.	43%
Refusing, discouraging, making it more difficult or charging more or providing less favorable terms on a home loan to buy, refinance, fix up or use the equity in a home.	20%
Refusing, discouraging or charging more for home insurance.	10%
Refusing to make reasonable accommodations or allowing a modification to make an apartment more accessible for person with a disability.	21%
Predatory lending: Unfair, misleading and deceptive loan practices.	35%
Other	44%

**Many respondents gave more than one answer.

Table 34: How Informed are Respondents about Housing Discrimination

How well informed are you about housing discrimination?	Percent (based on number of responses) – 2009 –	Percent (based on number of responses) – 2006 –
Very informed/informed/somewhat informed	63%	74.39%
A little/not enough/not at all	37%	24.5%

Table 35: What Should be Done about Housing Discrimination?

What do you suggest be done about housing discrimination?	Percent (based on number of responses)* – 2009 –	Percent (based on number of responses) – 2006 –
More public education	38%	63.5%
More enforcement activity	25%	14.84%
Other	38%	21.66%

*Some respondents gave more than one answer.

Table 36: To Whom Would You Report Suspected Discrimination?

To whom would you report suspected discrimination?	Percent (based on number of responses)* – 2009 –	Percent (based on number of responses) – 2006 –
Government or non-profit that <i>may</i> be able to help with fair housing issue	39%	38.87%
Southwest Fair Housing Council	26%	19.69%
Other agencies that are not connecting with fair housing issues	14%	26.96%
Don't know or did not answer	21%	14.48%

*Some respondents gave more than one answer.

Differences between the 2006 and 2009 Survey Results

There were significant differences in the demographic characteristics of survey respondents between 2006 and 2009 that may help to explain some of the variations in the results.

- In 2009, a higher percentage of survey respondents were housing consumers (over 90%) rather than providers. In 2006, about 75% were consumers.
- In 2009, over 45% of survey respondents were Hispanic compared to 31% in 2006. Consequently, 38% were white Anglo in 2009, compared to almost 54% in 2006.
- Over 72% of respondents were female compared to about 60% in 2006.
- Over 15% of respondents were disabled in 2009 compared to about 8.5% in 2006.

The differences in demographic characteristics were the result of a change in the survey methodology. In 2006, many of the surveys were conducted at trainings for housing

providers. In 2009, more surveys were conducted and the expansion was primarily at events that housing consumers attended.

While this change in some ways reduced the ability to compare meaningful changes in fair housing attitudes between 2006 and 2009, it provided very valuable insight into differences in perspectives on housing discrimination. It appears that housing consumers, including Hispanics, women, and persons with disabilities, are much more aware of housing discrimination than housing providers, and are in favor of more vigorous enforcement to eliminate it. This should not be surprising since housing consumers are the victims of discrimination while providers are the perpetrators of alleged discrimination.

Other notable survey results include:

- In the survey conducted for the 2006 AI, 27% of all respondents reported that they or someone they knew had encountered housing discrimination. This is compared to 42% in the 2009 survey.
- There is a significant difference between the 2006 and the 2009 survey regarding what should be done about housing discrimination. While almost the same amount of respondents suggested education in 2009, more than twice as many also pushed for stricter enforcement efforts. Some respondents suggested both approaches in combination.
- Overall, the 2009 survey results indicate that housing discrimination still exists in the state of Arizona. About 37% of respondents indicated that they were not adequately informed about fair housing issues.
- In 2009, of the people who felt they knew where to report housing discrimination, there was some ambiguity as to where they would report: 39% listed a government or legal entity and 26% listed Southwest Fair Housing Council. Despite the ambiguity of the 2009 answers, the number of recommended referrals to SWFHC increased from 19.69% in 2006.

Conclusions

The methodological changes between the 2006 and the 2009 survey indicate that the results of polls about housing discrimination largely depend on demographics and a person's position in the market. Housing consumers and particularly minorities, women and persons with disabilities are more aware of housing discrimination and more assertive in their opinions regarding how to address it likely because they are the ones that experience it.

In addition, the State of Arizona has contracted with the Southwest Fair Housing Council to conduct extensive free education and outreach (E&O) throughout the state. For instance, areas of the state with very little, if any, previous fair housing E&O may actually experience more people indicating in 2009 that they have experienced housing discrimination because they now know what housing discrimination is. Regardless, these inconsistencies are not as significant when looking at the major trends that emerge like:

- Arizonans continue to experience housing discrimination and/or know someone that has.
- People believe that education and enforcement are effective ways to combat housing discrimination.
- Too many people still do not know what to do or who to contact if they believe that they have experienced housing discrimination.
- Too many people are inadequately informed about housing discrimination.

The state of Arizona has an effective fair housing education and outreach program that has made great strides in spreading the word about housing discrimination and other issues. However, as the survey indicates, housing discrimination continues to be a problem that needs a sustained commitment and adequate funding to combat. The fair housing issues that are still prevalent in Arizona today took decades to entrench, often with the help of government policy, and will take years to undo.

Housing Professionals Interview Results

Background and Methodology

Twenty phone interviews were conducted to get local and regional perspectives regarding the state of fair housing, affordable housing and community development throughout non-metro areas of Arizona. Most of those interviewed represented the private housing industry, government departments charged with housing and community development and nonprofit agencies. The interviews provide another perspective and balance to the community survey that focused on housing consumers. Before beginning the interview, interviewees received an explanation of the purpose of the interview, and that the interviewees name and organization would remain anonymous. The questions were similar for all interviewees and were open-ended to encourage discussion.

Findings

Interviewees overwhelmingly agreed on a number of points including the following:

- Housing discrimination exists in rural Arizona with the most pervasive forms being based on race and ethnicity and familial status.
- Housing consumers are not well informed about their fair housing rights.
- Housing consumers are unlikely to know where to go or who to contact if they have experienced housing discrimination.
- Most interviewees felt that their coworkers and colleagues were sufficiently informed about fair housing to know where to refer people with fair housing issues.
- Most interviewees stated that the organizations they work for receive very few, if any, fair housing related inquiries.
- The most commonly stated housing issues or problems include large numbers of foreclosures, high vacancy rates, substandard housing and families moving in together because of the bad economy.
- Public transit is not adequate in rural Arizona.
- The recession and job losses have severely impacted all areas of the state. Sierra Vista was the one area that was doing relatively well because of the steady employment base of Fort Huachuca.

Other Observations

- Several people identified discrimination not related to FHAct.
- Each region has unique factors that affect housing. Examples include the Fort Huachuca military base in Sierra Vista keeping rents high, the reliance on mines for employment in Graham and Greenlee Counties, the agricultural sector that draws labor from both sides of the border in the Yuma area, Indian reservations in the Apache and Navajo Counties, and others.
- Most real estate professionals did not believe that discrimination occurs or is a problem and were generally more optimistic that housing consumers know their fair housing rights and know where to seek help for a fair housing issue.

Conclusions

Despite the fact that a number of real estate professionals did not think that housing discrimination is a problem, the majority of interviewees stated that housing discrimination is occurring in the areas where they live and work. Furthermore, most had little confidence that housing consumers know how to get help if they have been victims of housing discrimination. The recession has severely impacted almost all areas of the state. Based on the responses, fair housing education and outreach and enforcement is still needed throughout Arizona because fair housing discrimination is likely underreported.

Surveys of Fair Housing Referrals in Arizona

Introduction

In January 2007 and again in October 2009, SWFHC conducted tests via telephone to determine how government agencies, nonprofits and other entities handled fair housing complaints and if they knew how and where to refer them. The survey targeted the state of Arizona excluding Maricopa and Pima Counties. The individual respondents are not identified in this report because SWFHC determined it would be counterproductive. The survey is intended not to embarrass agencies and create defensiveness, but instead seeks to identify where education and outreach in fair housing for agencies and organizations needs to be focused to encourage agencies to request the training that their staff needs. This free training is available from SWFHC through funding from the Arizona Department of Housing.

Methodology

SWFHC selected state, county and city agencies and departments, nonprofit organizations and business organizations that Arizonans would likely call for information regarding fair housing issues or to file a fair housing complaint. In 2007, 111 were identified and called, and in 2009, 112 were identified and called. Public agencies and departments that were called include Section 8 and public housing, housing authorities, WIC offices, community development, sheriff and police departments, libraries and DES offices. Non-profit agencies include human service programs, community action programs, shelters, homebuilders, providers, counselors and religious human services providers. Business organizations include chambers of commerce and better business bureaus.

A SWFHC employee made the calls and identified herself as a single mother with two children (a FHAct protected class) and stated that she was turned down by a landlord who would not rent to her because he did not want children in his complex. She stated that she believed that this might be illegal and asked where she could go for help.

Out of the 111 agencies called in 2007, three repeatedly did not answer phone calls and were dropped from the survey, leaving 108 agencies. Out of the 112 agencies called in 2009, twenty could not be contacted by phone (did not answer, phone, phone busy, wrong number, etc.) These were dropped from the survey, leaving ninety-two agencies.

The responses gathered in 2007 and 2009 were put into one of six categories as follows⁸⁴:

1. A reasonably accurate and specific referral was made to an agency that could assist with housing discrimination.
2. The referral alluded to an agency that could assist the caller but was vague and non-specific. It is questionable whether the caller could identify and find this agency with the information provided.
3. There was no referral made or it was made to an agency that did not handle housing discrimination.
4. The caller was incorrectly referred and misinformed.
5. The call was transferred to different sites within the agency and eventually cut off.
6. The caller was told (either in person or by voice recording) to leave a message and number for a callback at a later time.

⁸⁴ A few agencies fell under more than one category, but the number was not determined to be enough to significantly affect the outcome.

Comparison of 2007 and 2009 Survey Results

Table 37: Fair Housing Complaint Referrals made by Agencies in Arizona: 2007 and 2009 Results

		Public Agency: State/County/City	Nonprofit Agency	Business Organization	Total
Correct Referral	2007	19 (31%)	8 (27%)	0 (0%)	27 (25%)
	2009	11 (18%)	7 (25%)	1 (25%)	19 (20%)
Vague Referral	2007	5 (8%)	1 (3%)	1 (6%)	7 (6%)
	2009	5 (8%)	4 (14%)	0 (0%)	9 (10%)
No/Incorrect Referral	2007	25 (40%)	12 (40%)	11 (69%)	48 (44%)
	2009	33 (53%)	12 (43%)	2 (50%)	47 (50%)
Misleading Information	2007	8 (13%)	5 (17%)	3 (19%)	16 (15%)
	2009	2 (3%)	1 (1%)	0 (0%)	3 (3%)
Caller Shuffled & Cut Off	2007	2 (3%)	0 (0%)	0 (0%)	2 (2%)
	2009	4 (6%)	0 (0%)	0 (0%)	4 (4%)
Leave Message/ Will Call Back	2007	3 (5%)	4 (13%)	1 (6%)	8 (8%)
	2009	7 (11%)	4 (14%)	1 (25%)	12 (13%)
Total Number Called	2007	62	30	16	108
	2009	62	28	4	94

Survey Results

- In 2007, 27 referrals provided information that should allow a caller to contact an agency that could take the fair housing complaint compared to 19 in 2009. However, of these referrals, only 11 in 2007 and 10 in 2009 provided a phone number.⁸⁵ In 2007 and 2009, the other referrals provided only a name leaving the caller to find the phone number. In addition, for both years, a number of referrals were equivocal, such as “I think you can call HUD.”
- In 2007, seven referrals mentioned a name but were vague, compared to 9 in 2009. Examples include a suggestion to look up a HUD website (no site address was provided), contacting “The Housing Council” (SWFHC?) and contacting Legal Aid when they came to town (but did not know when that would be).
- In about 44% of the calls in 2007 and 50% in 2009, the person taking the call did not know where the caller could get help or referred the caller to an agency that did not handle illegal housing discrimination.⁸⁶
- In 2007, about 15% of the referrals provided erroneous and misleading information to the caller. That number dipped to about 3% in 2009.

⁸⁵ Three provided only a number with no name

⁸⁶ Some of these agencies were called in this survey. The results of calling an incorrect referral did not differ significantly from the total of responses reported here.

Examples in 2007 included, “I think you have to call the police and go to court or something,” “Anyone can rent to whomever they choose” and “I had this problem myself and there was no place I could go.” In 2009 examples included, “It depends on where you are renting because some landlords are registered and, if so, they can do what they want,” and “My house, my rules is what I say, but I could be wrong.” This kind of response is arguably the most damaging because it not only discourages complainants from pursuing their complaint, but it also creates the perception that illegal discrimination cannot or should not be challenged.

- Referrals are critical to achieving fair housing. People need to be able to access the information and assistance that is already available to remedy the housing discrimination problems they are having. The results of a survey of 566 non-metro Arizona residents that was conducted for ADOH in 2005 showed that about one-third of the respondents felt they were well informed on fair housing and therefore presumably would know whom to call if they experienced housing discrimination. If this statistic is factored into the findings that about 31% of callers receive (however cursory) referrals that might lead them to an agency that handles illegal housing discrimination, then it is reasonable to conclude that, at best, only about 1 in 10 people who experience housing discrimination are able to make contact with an agency that can help them.
- In 2007 and 2009, referrals identified, either specifically or vaguely, four agencies that handle housing discrimination. In 2007, the caller was referred to a local Legal Aid or a Community Legal Service office in 16 referrals, the Southwest Fair Housing Council in 11, the Arizona Attorney General’s Office in 4 and HUD in 3. In 2009, the caller was referred to a local Legal Aid or Community Legal Service office in 11 referrals, the Southwest Fair Housing Council in 7, the Arizona Attorney General’s Office in 2 and HUD in 1.⁸⁷

Survey Conclusions

Both the 2007 and the 2009 survey results reveal that the knowledge necessary to properly refer fair housing complaints is woefully inadequate. Only one in four calls in 2007 and one in five in 2009 was properly referred. Furthermore, the SWFHC caller frequently received no useful information and even incorrect and misleading information that would likely discourage a caller from further pursuing a legitimate fair housing complaint. This is unacceptable because resources are readily available to assist Arizonans with fair housing issues and complaints. A simple referral of a fair housing complaint to a proper entity could go a long way to combating housing discrimination.

⁸⁷ Legal AID and Community Legal Service Offices normally requires complainants be income eligible and not exceed certain income caps to receive services. None of the other three providers have income eligibility requirements.

Education and outreach efforts must continue to prepare agencies, departments and other organizations to properly refer fair housing issues and discrimination complaints.

Fair Housing Enforcement: Complaints

HUD, Arizona Attorney General and FHAPs

According to HUD Teapots, from January 1, 2005 to April 16, 2009, 1,129 complaints were filed in Arizona. Fifty-six (56) were directly with HUD and 1,073 were with the two Fair Housing Assistance Program (FHAP) agencies that contract with HUD, the State of Arizona Attorney General's Office (AG) and the City of Phoenix Equal Opportunity Department.

Of the total number of complaints, 807 were filed in Maricopa County and 201 in Pima County for a total of 1,008. The remaining 121 complaints were filed in the 13 rural counties that receive CDBG funds through ADOH. The table below shows a breakout of basis of the complaints for each county.

Table 38: Fair Housing Complaints from the 13 Rural Arizona Counties Filed with HUD or an FHAP Agency between 1/01/05 to 4/16/09

County	Total Complaints	Basis of Complaint							
		Race	Color	National Origin	Sex	Disability	Religion	Familial Status	Retaliation
Apache	7				1	6	1		
Cochise	7	2		1	1	3			1
Coconino	14	2		3	3	7	2	1	
Gila	3		1			1		1	
Graham	3	1	1			1			
Greenlee	0								
La Paz	5							5	
Mohave	16	6		1		4	2	3	1
Navajo	12	2		1		9	1		1
Pinal	21	5		5	1	6		1	4
Santa Cruz	1						1		
Yavapai	28	4		1	1	16	1	3	2
Yuma	4	1		1		2	1		
Total	121	23	2	13	7	55	9	14	9

Note: The basis exceed complaints because there may be more than one basis for a complaint

Southwest Fair Housing Council

SWFHC received 148 complaints from rural Arizona from January 1, 2005 to December 31, 2008. During this period, SWFHC mediated 38 of these complaints and filed 17 with HUD or a FHAP. Ninety-three were either referred to another agency or administratively closed. The breakdown is as follows:

Table 39: Complaints Received by SWFHC from 1/1/2005 through 12/31/2008

Basis of Complaint	Number
Race	28
National Origin	44
Disability	49
Familial Status	16
Sex	10
Religion	1
Total	148

Conclusions: Evidence of Housing Discrimination in Rural Arizona

While the data indicates that housing discrimination occurs in rural Arizona, it is important to keep in mind that the number of complaints filed may not accurately reflect the actual pervasiveness of housing discrimination in any area. Several factors impact victims of housing discrimination filing fair housing complaints including the following:

1. *The amount of fair housing education and outreach.* E&O conducted helps victims of housing discrimination recognize it, know where to go for help and understand the protection that the Fair Housing Act provides against retaliation by property owners, landlords, managers, HOAs and others.
2. *The level of fair housing knowledge and training of the staffs of local public and private agencies.* Staff knowledgeable about fair housing is better equipped to recognize when clients may have encountered housing discrimination and can properly refer the case to a fair housing agency that can provide further assistance.
3. *A system for proper referral.* Surveys described in this report reveal that many public and private agencies are not effectively dealing with potential fair housing cases. An effective system for referring people seeking help regarding housing discrimination can lead to more housing discrimination cases being resolved.
4. *The availability of a local private source of fair housing assistance.* Evidence shows that some are hesitant, for a number of reasons, to contact public or governmental agencies that are not local.

5. *Effective enforcement of fair housing laws.* People are dissuaded from coming forward with complaints if they believe their case will not be effectively resolved. They may know others who have encountered housing discrimination and filed fair housing complaints that were not resolved, or know housing providers who continually discriminate with impunity.
6. *Misperceptions about filing a fair housing complaint.* Many people perceive that filing a complaint can be a long, time-consuming effort. People are often reluctant to get involved in the complaint process, and even more so now with the depressed economy causing many families to struggle economically.

When these and other factors are taken into consideration, it is likely that the actual number of complaints that are filed represents only a fraction of the actual incidents of housing discrimination. This conclusion is drawn from data from the surveys and interviews conducted for this report and others, as well as information gathered through SWFHC's work throughout Arizona during interactions with housing consumers and people that work in housing and community development.

1. In the 2009 statewide survey of rural residents, more than 37% of people admitted they were not well informed regarding fair housing. It is likely that the actual number is even higher than this since it is normal for many to either be reluctant to admit a lack of knowledge or be misinformed and not aware of it.
2. In an investigation that SWFHC conducted, less than 25% of call takers in agencies in rural areas that receive calls from people who may need help with housing discrimination were able to accurately refer them to an agency that could properly assist them.
3. Enforcement activities, including testing, is limited in rural areas because of higher costs and limited resources.

Fair Housing Testing

SWFHC Fair Housing Tests in Non-metro Arizona

Systemic testing or auditing is conducted by fair housing agencies and organizations to determine compliance with fair housing laws. If violations are identified, this information can be used as the basis of a complaint or as evidence to support a complaint or legal action.

Auditing is an important component of fair housing enforcement since it can systematically review compliance by providers according to testing plans approved by HUD. Testing conducted under contract to HUD must also comply with procedures and protocols defined by HUD and all participants must be trained in HUD approved trainings

SWFHC conducted 95 tests under contract to HUD in non-metro Arizona counties from 2005 through 2009. Fair housing tests conducted for HUD comply with procedures and protocols defined by HUD and all participants are trained in HUD approved trainings. The following are the results of the HUD contracted testing:

Table 40: Testing by SWFHC under Contract to HUD in Rural Arizona Counties January 1, 2005 to December 31, 2009

Test Type	Total	Basis				Results		
		Race	National Origin	Disability	Familial Status	Supports*	Does Not Support**	Inconclusive***
Rental	28		10	11	7	9	12	
Sales	42	26	16		3	29	10	
Lending	25	14	11		9	9	7	
Total	95	40	37	11	7	47	39	

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

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

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

Conclusion

The results of testing indicate that housing discrimination is occurring in rural Arizona. Approximately 20% of the testing conducted in rural Arizona by SWFHC evidenced some form of housing discrimination. Another 40% showed differences of treatment by housing providers but it could not be confirmed that these disparities showed illegal discrimination.

While the testing that was conducted is valuable as an indicator, to be an effective fair housing tool and deterrent to illegal discrimination, it needs to have a greater presence. Rural Arizona is so large, the population so dispersed and the resources for testing so limited that the impact of testing in rural Arizona has been small relative to the size of the problem.

Fair Housing Education and Outreach

Arizona Attorney General – Civil Rights Division

The foremost participant in activities that enforce fair housing in Arizona is the Office of the Attorney General. The Civil Rights Division has the authority, as a designated

“substantially equivalent agency,” to actively investigate and litigate fair housing violations throughout the state.

The AG’s office reported⁸⁸ that from January 1, 2005 through April 20, 2009 it conducted 162 education and outreach (E&O) events throughout Arizona, consisting of trainings, presentations, conferences, panels, publications, articles and media products. Approximately twenty of these were events conducted throughout the state, outside of Maricopa and Pima County, and included sites such as Bisbee, Flagstaff, Prescott, Safford, Sedona, Sierra Vista, Somerton and Yuma. The AG reported that over 500 people participated in these activities.

In addition to the events the AG conducted in non-metro areas of Arizona, several activities conducted in Maricopa and Pima Counties also drew heavily from rural areas outside these counties or impacted these areas. In February 2008, the AG mailed out fair housing packets containing literature, posters and suggestions for fair housing displays to ninety libraries in Arizona, many of these in rural areas. Also in February 2008, the AG began the distribution of their DVD/Video “Fair Housing for All” to communities in Arizona. This DVD is a dramatic presentation of the impact that housing discrimination can have on victims and provides information for agency staff, housing providers and housing consumers on identifying illegal discrimination and reporting it, as well as complying with fair housing laws. SWFHC continues to assist in the distribution of this DVD as it conducts E&O throughout the state. To date an estimated 85 copies have been distributed in rural areas of the state.

Arizona Department of Housing

The Arizona Department of Housing (ADOH) has actively worked to affirmatively further fair housing by funding education and outreach (E&O) activities. The 2009 Governor’s Housing Forum attracted housing professionals, activists and community groups from around the state to attend housing related workshops, including fair housing issues. ADOH has also funded fair housing E&O activities for the past several years. These activities include the following:

- Southwest Fair Housing Council received \$150,000 in 2009 to provide education and training through distribution of materials, participation in seminars and workshops and conducting radio talk shows on fair housing through FY 2010.

⁸⁸ Written response to SWFHC received April 21, 2009 listing and briefly describing 162 educations and outreach events conducted throughout Arizona from 2005 into 2009. A copy of this listing is available upon request from SWFHC@dakotacom.net

- Southwest Fair Housing Council received \$300,000 in 2007 to provide education and training through distribution of materials, participation in seminars and workshops and conducting radio talk shows on fair housing through FY 2009.
- Southwest Fair Housing Council received \$300,000 in 2005 to provide education and training through distribution of materials, participation in seminars and workshops and conducting radio talk shows on fair housing through FY 2007.
- Southwest Fair Housing Council received \$265,000 in 2003 to use for education and advocacy programs related to fair housing in the thirteen rural counties of Arizona through FY 2004.
- Southwest Fair Housing Council (then the Southern Arizona Housing Center) received \$48,633 in 2002 to further fair housing education in several central and southeastern Arizona rural counties through FY 2003.
- Arizona Fair Housing Center received \$49,225 in 2001 to provide fair housing training in Maricopa, Coconino, Yavapai, Navajo, and Apache counties.
- Community Legal Services received \$27,558 in 2000 to provide fair housing education in La Paz, Mohave, and Yuma counties.

While some ADOH programs are designated solely to serve rural Arizona, in fact, ADOH has programs that assist entities in Maricopa and Pima Counties. Statewide education and outreach activities (including in Maricopa and Pima Counties) by SWFHC from July 2005 through June 18, 2009 reached 9,256 individuals through 323 educational activities and distributed 77,724 pieces of fair housing and fair lending literature in English and Spanish through 621 sites. SWFHC conducted fair housing workshops reaching individuals representing the rental industry, lending industry, advertising companies, construction firms, nonprofit corporations, municipal government staff and the general public, including first time homebuyers, renters and people in transitional housing.

The Southwest Fair Housing Council

The Southwest Fair Housing Council (SWFHC) had been instrumental in educating Arizona’s consumers and housing providers on fair housing laws. In addition to trainings and workshops, distributing fair housing and fair lending literature in English and Spanish statewide has proven effective in getting relevant education and enforcement information into the hands of Arizonans, particularly, but not solely, to people living in rural counties.

SWFHC is currently under contract to ADOH to conduct fair housing education and outreach (E&O) in the non-metro areas of Arizona. SWFHC has been conducting fair housing education and outreach for the state since 1993, first for the Department of Commerce and then for ADOH. To conduct an analysis of the E&O conducted by SWFHC over the course of the past four fiscal years, the state was divided into four regions in order to determine what activities had been conducted in which regions. The purpose of this analysis is to help planning in order to direct future E&O based on need qualified by the intensity of past activities.

Maricopa County and Pima County and a number of jurisdictions in those counties, as well as the cities of Yuma, Prescott and Flagstaff are CDBG entitlement jurisdictions, and are therefore not a part of ADOH's CDBG jurisdiction. All independent CDBG jurisdictions are responsible for their own fair housing activities and AI reports. The data in this analysis is, to the extent possible, is limited to the 13 counties (excluding the cities of Yuma, Prescott and Flagstaff) that are designated as the State of Arizona's CDBG jurisdiction. The figures in the table below are solely for the thirteen rural Arizona counties.

The four regions of the state that SWFHC used for this study and their constituent counties are as follows:

1. Southeast Arizona Governments Organization (SEAGO): Cochise, Greenlee, Graham, Santa Cruz
2. Western Arizona Council of Governments (WACOG): Yuma, La Paz, Mohave
3. Northern Arizona Council of Governments (NACOG): Apache, Navajo, Coconino, and Yavapai
4. Central Arizona Association of Governments (CAAG): Pinal and Gila

The activities conducted by SWFHC were grouped into four categories:

- A. Planning Sessions and Meetings
- B. Training/Workshops
- C. Presentations
- D. Events

Table 41: Geographic Distribution of Education and Outreach Activities Conducted by SWFHC under Contract to the State of Arizona for FY 2005-2009

	A. Planning					B. Training/Workshops					C. Presentations					D. Events				
	Locations					Locations					Locations					Locations				
	1	2	3	4	Total	1	2	3	4	Total	1	2	3	4	Total	1	2	3	4	Total
7/05-6/06	4	2	6	0	12	5	4	4	3	16	3	5	9	4	21	3	5	8	0	16
7/06-6/07	11	4	11	1	27	7	5	2	4	18	5	3	6	6	20	3	2	4	2	11
7/07-6/08	2	10	11	4	27	8	9	21	4	42	16	16	13	8	53	6	6	4	6	22
7/08-6/09	11	6	4	3	24	10	11	8	6	35	24	11	17	15	67	5	6	3	7	21
Total	28	22	42	8	100	30	29	35	17	111	48	35	45	33	161	17	19	19	15	70

This table covers a four fiscal year period and shows:

- The highest percentage of planning sessions (42%) occurred in the northern portion of Arizona.
- The largest percentage of presentations (30%) occurred in the southeast area of Arizona.
- The western and northern regions of Arizona received the largest percentage of events at 27% of the total.
- The largest percentage of trainings/workshops was conducted in the northern region (32%).
- Trainings/workshops, presentations and events were evenly spread geographically throughout rural Arizona.
- Note that region #4 (CAAG) includes only two sparsely populated counties, Pinal and Gila, and therefore has fewer opportunities for E&O. The figures for column #4 are only slightly less than for the other three regions.

- There was substantial equity in allocating time and resources throughout areas of rural Arizona. “Planning” leads to “Presentations” and “Events,” which lead to “Training/Workshop” opportunities.

SWFHC is a state-certified real estate training school for purposes of fair housing and offers three continuing credits to real estate agents for these three-hour training classes. State certified continuing credits are required every two years for the renewal of an Arizona real estate license. The classes have proven very popular in rural areas of the state since agents might otherwise need to drive to Phoenix or Tucson to obtain the credits they need. For the period, SWFHC conducted forty-three continuing education classes for 1,042 Realtors® in rural Arizona. For all of Arizona, SWFHC conducted sixty-eight continuing education classes that reached 1,285 Realtors®.

Areas of high Native American population where substantial numbers of Native Americans look to work and live off the reservation continue to require concentrated E&O efforts. Over six years, less than 10% of E&O conducted in the state by SWFHC was conducted in the Northeast region. Although, if Coconino County is added, the total increases to closer to 25%. Nevertheless, an increase in E&O is warranted and in the last few years, the number of contacts SWFHC has made in Apache and Navajo Counties has grown to the extent that a substantial network has developed to support increasing and improving E&O.

The Arizona Attorney General’s Office has reported approximately 780 fair housing complaints throughout Arizona since 2000. Only 44 of these were from rural areas outside of Maricopa and Pima Counties. SWFHC has reported 587 fair housing complaints over the last five years, of which 51 were from rural counties. Many more allegations are received either directly or indirectly through agency staff, housing agents, public officials and residents. The Attorney General’s Office has referred to complaints and allegations as the tip of the iceberg with fully 99% of fair housing violations going unreported. Statements from interviewees, survey respondents, a number of anecdotal reports, discussions with housing agencies, as well as hard data that strongly implies the results of discrimination including demographics and HMDA support this assessment. The question that is continually asked is why the number of complaints would not reflect the pervasiveness of discrimination that is evidenced in so many other ways. One answer is that if people are not adequately informed regarding their fair housing rights and responsibilities, a clear referral procedure is not available to direct complaints to enforcement agencies and effective enforcement and monitoring of compliance is not occurring, complaints will not be filed.

Based on the community survey responses, interviews with knowledgeable informants and the observations that SWFHC has made in working in communities throughout Arizona for over a decade, three things are evident:

1. Housing consumers are not well informed regarding their fair housing rights, identifying housing discrimination, where to go to get help if they think they have encountered housing discrimination and how to file a complaint. *Regarding the survey, over 50% of the respondents stated that they were not well informed about fair housing. In addition, 21 out of the 25 interviewed stated they did not feel that residents in the community were adequately informed regarding fair housing. Also about 70% of respondents to the survey stated that they felt that education was the most effective way to combat housing discrimination.*
2. Until a few years ago, much of the E&O that had been conducted in rural areas had been spotty and inconsistent with no follow-up and, thus, did not engender the confidence and trust people needed to come forward with complaints.
3. The level of enforcement of legitimate fair housing complaints and the results of enforcement actions affect whether people will file and follow through with a fair housing complaint. If fair housing enforcement is lax and ineffective, people do not believe that filing a complaint is worth the effort. Instead, acts of housing discrimination are accepted as normal and acceptable. In the last few years, enforcement has begun to increase focus on rural areas.

The premise that more and better fair housing E&O and enforcement empowers people to file complaints rather than accept housing discrimination is born out in a prima facie relationship between increased fair housing services on the one hand and allegations and complaints on the other. *In 2000, SWFHC was not doing E&O statewide and systemic enforcement was very limited in rural areas. About 52 complaints were received that year. In 2005, after SWFHC had been conducting E&O statewide for two years under contract to the State, the number of settlements had increased over 400% (from 2 to 9), the complaints received more than tripled (128) and the complaints filed with HUD more than doubled (52).*

While the resources exist, many people do not avail themselves of the information that can help them. For example, some builders and contractors choose to remain largely uninformed regarding design and construction requirements of FHAct despite the fact that HUD and SWFHC have focused on this for the last ten years and continue to offer information and trainings at no cost. For example, in May 2007, SWFHC sponsored an accessibility training offered by Accessibility First (HUD contractor based in Washington,

D.C.). Area architects, builders, contractors, building inspectors and others were invited to the no cost, daylong session. Alarming, about 45% of rental units that SWFHC has tested that have been built in the last fifteen years are not totally compliant with the accessibility requirements of FHAct. Some of the reasons suggested for the problems that many property owners or managers have with compliance and indications that the problems can be addressed by education and outreach are as follows:

1. Some property managers do not train their staff adequately and property owners do not monitor their management companies for compliance with FHAct. One problem that many property managers experience is high turnover of staff and carelessness in promptly training new staff. *For example, SWFHC had filed three complaints against one property Management Company over a two-year period (2001-2003). The problem was that new staff was not promptly trained, and as a result, some were consistently and egregiously violating FHAct.*
2. Some small property owners may not know that they are not exempt from FHAct and need to comply. For example, a four-unit dwelling is only exempt if the owner is living in one of the units and an exemption does not apply to an owner of a single family dwelling if the seller uses a realtor's services to sell their home.
3. There are many gray areas between such issues as security, health and safety, and liability on the one hand and housing rights on the other. Today, understanding the distinction is more important than ever. Property managers and owners need training in order to make informed decisions involving complex issues.
4. Housing providers in rural areas are often poorly informed and may not be aware of the fair housing training resources available to them in their area. Some believe they need to drive to Phoenix or Tucson to receive the training they need and this can result in delays for them and their staff.

impediments to fair housing choice and plan of action

Introduction

Achieving a fair and equitable housing market for all Arizonans depends on conducting a comprehensive analysis of factors that impact housing, identifying impediments to free choice in the housing market, developing effective plans of action to eliminate them, implementing them and then evaluating the results. This process is repeated every three to five years. However, the identification of impediments to fair housing choice and implementation of an action plan does not assure their elimination; they can become embedded in the cultural, political and institutional fabric as well as the built environment of communities and very difficult to eliminate. Some impediments are caused by local factors, and others can be influenced by national and global political, social and economic forces at play that are beyond state or community level solutions. Though a jurisdiction might not have direct control to correct certain impediments, it is nonetheless important to note them in the AI. In addition, there are a number of issues developing from the economic, political, and demographic changes that are occurring in Arizona that, while it is problematic to term current impediments, nonetheless warrant action to avert their development into embedded fair housing barriers.

2006 Impediments and Plan of Action

2006 Plan of Action Results

There were nine impediments identified in the 2006 Action Plan. Virtually all the action steps that were proposed in the 2006 plan were conducted and in some cases, the results indicate success in reducing particular barriers. However, in other cases, it is difficult to evaluate the extent of the impact or the results appear to be limited or negligible. As a result, a few of these impediments carry over to the 2010 Plan of Action with their wording essentially intact, others are very similar to those in 2006 but have been revised to better define the impediment and in a couple cases the issues were folded into the revised impediments and no longer stand alone.

The State of Arizona has worked hard and has expended considerable resources to identify and eliminate the impediments to fair housing choice since conducting the first State AI in 1996 and many of these carry over into this AI. This does not suggest that real progress has not been made, but it does demonstrate the extent and persistence of the challenge.

Impediment #1

Many housing consumers lack knowledge of their fair housing rights, where to go for information, and how to get help if they believe they or someone they know have experienced housing discrimination.

The 2006 Plan of Action detailed an extensive list of activities that would be conducted to help eliminate this impediment. Since that time ADOH has provided almost \$600,000 in state money for grants to implement a comprehensive plan to provide fair housing education and outreach, which included the activities listed in the 2006 Plan of Action. A full description of these activities is presented in pages 104-108 of this analysis.

Despite these efforts, surveys, interviews, audits, complaints, data and observations presented in this analysis indicate this impediment remains. First, housing consumers are not well informed regarding their rights under FHA. Second, many consumers do not know what housing discrimination entails and cannot recognize it when it occurs. Third, most housing consumers do not know where to report housing discrimination, how to file a complaint nor where to go for help if they encounter discrimination. As a result, this impediment will carry over to the 2010 Plan of Action.

Impediment #2

Housing providers need to be better informed regarding their responsibilities to comply with the Federal Fair Housing Act.

Training for housing providers was included in the Fair Housing Plan implemented by ADOH that was noted in Impediment #1. The training was extensive with over 1,200 providers participating since 2005. Yet problems remain. Complaint and test data show that consumers continue to experience illegal housing discrimination. Interviews, surveys and feedback from trainings showed that a significant number of providers stated that they doubted that housing discrimination occurs or occurred so infrequently it was not a problem. In addition, the investigation showed that many housing providers who believe they are well informed about fair housing laws nevertheless are not as well informed as they need to be. Problems included the following:

- While fair housing training is available, many providers do not obtain the training or information that can help them.
- Some property managers do not account for high staff turnover and consequently do not provide training for staff as often as they need to.
- Some small property owners may not know that they are not exempt from the Fair Housing Act and need to comply.
- There are many gray areas between such issues as security, safety, and liability on the one hand and housing rights on the other. Many providers need up-to-date information in these areas in order to make better-informed decisions.
- Housing providers in rural areas often need to drive long distances at considerable expense to receive the training they need.

Impediment #3

There is a need throughout the state for more affordable housing.

This impediment was included in the 2006 AI because of an increasing gap between the growth of employment and wages and the cost of housing. Jobs and income were lagging and home prices were in an unprecedented upward spiral. While the need for affordable housing is not in itself a fair housing issue, it is closely tied to housing inequities that have a disparate impact on persons protected under the Fair Housing Act. Demographic, employment, and income data show that minorities, families with children (including single parent families), and persons with disabilities are proportionally overrepresented in low-income populations and are most in need of affordable housing. Actually, the most prevalent impediment that affordable housing poses to fair housing appears to be the assumption that creating affordable housing is in itself addressing fair housing. For example, the lack of affirmative marketing, an inequitable distribution of housing resources and an absence of planning as to locating affordable housing so as not to exacerbate the residential concentrations of FHA protected classes are all impediments to fair housing that actually emerge from affordable housing programs that do not explicitly include fair housing planning, monitoring and evaluation.

The dramatic decline in the housing market since 2006 has exacerbated the need for affordable housing for different reasons. By 2006, subprime lending with loose qualifying standards was rampant and many people were able to buy homes that they could not qualify for only a few years before. However, the rates, terms and conditions proved unsustainable for many of these loans and defaults and foreclosures burgeoned. The

housing boom from 2004 through 2006 was, by 2007, exposed as a bubble that was bursting. In its wake, it left unprecedented numbers of homeowners in foreclosure, renters evicted, an economy close to depression, high unemployment and lenders who were either unable or unwilling to lend despite the fact that housing prices had fallen by 30% or more.

ADOH has implemented a number of affordable housing programs both before and after the housing market collapse. This includes CDBG programs, Home Investment Partnership Program (HOME), Emergency Shelter Grants (ESG), Housing Opportunities for Persons with AIDs (HOPWA), State Housing Trust Fund (HTF) projects, Low Income Housing Tax Credits (LIHTC), Section 8 Vouchers, Section 8 Tenant Based Contract Administration, National Foreclosure Mortgage Counseling Program, Mortgage Credit Certificates and Mortgage Revenue, and the National Stabilization Program (NSP).

The specifics of these programs along with their results and other data are discussed in detail in the body of the 2010 Consolidated Plan as well the annual CAPERs from 2005 through 2009.

The strategies for the geographical distribution of housing projects in non-metro counties and ADOH's directive that projects include affirmative marketing plans are also discussed in the Consolidated Plan.

In addition, ADOH conducted the annual "Arizona Housing Forum." and used that as a venue to promote affordable housing. The following are just a few examples of the topics at breakout sessions:

- Making the Case for Affordable Housing
- Challenges Facing Public Housing
- Non-profit 101: Fundamentals of the Affordable Housing Development Process for a Board of Directors
- Tribal Housing Initiative Update
- The Business Case for Affordable Housing: Why we Need a Workforce Housing Plan
- Preserving Affordability: Strategies and New Ideas

The issue of affordable housing will be included as a carry-over impediment in the 2010 AI in a way that clearly links it to fair housing.

Impediment #4

There is a need to improve the process for fair housing complaint referral in many non-metro communities.

ADOH's education and outreach strategy included numerous trainings for the staff of public and private agencies (see pages 104 to 105). In addition, ADOH monitored the referral procedures of sub grantees through regular surveys and provided feedback if these were lacking. ADOH also provided agencies with information materials listing where complaints can be referred and what an effective referral system entails.

Despite the training, surveys, interviews and dissemination of information conducted for this AI, analysis indicated that many agencies that work with housing consumers still do not have clear and consistent procedures for reporting or referring people who are experiencing fair housing issues. Staff in a majority of agencies state that they receive few complaints they could identify as fair housing and are generally unsure of where to refer people. If fair housing complaints are not recognized, people do not receive the help they need or get referred to an agency that can help them. In addition, inquiries, allegations and complaints are often not logged and the true prevalence of housing discrimination is obscured. This, in turn, feeds a vicious cycle. A perception is fostered in residents that nothing happens and follow-up does not occur when a complaint is made and this discourages people from calling or making contact. The State's 2010 action plan seeks to break this cycle.

Impediment #5

Predatory practices and disparities in lending negatively impact protected classes in non-metro Arizona.

Predatory Lending

After 2004, the nature of this impediment was transforming and the character and toxicity of this transformation was not fully realized until after the housing bust in 2007. The term "predatory lending" essentially lost its meaning in 2005. Many of the practices, rates, terms and conditions that had been considered predatory became acceptable and subsumed under the term "subprime." Subprime lenders located both within and outside of Arizona dominated the local housing market. Greed overcame rationality and lenders were making loans they knew were likely to end in default, borrowers were receiving mortgages that they could only hope to afford and bank and loan regulators stepped aside and deferred to a market that was spiraling out of control.

Thus, the bright aura of the housing boom obscured many of the past concerns regarding discrimination in lending and pushed them to the back burner. The focus on denials appeared moot as lending appeared to open up to minorities. However, discrimination through denials was in actuality turned on its head into a form of reverse redlining. Minorities were being targeted for subprime loans even when they would previously have failed to qualify for any loan (or were in fact qualified for a prime loan). Moreover, although every demographic sector is caught up in the defaults and foreclosures that have ensued, the post crash data shows that minorities and minority neighborhoods are being hit the hardest.

In compliance with the 2006 AI Action Plan, ADOH conducted the following activities to respond to this impediment:

1. The issue of predatory lending was included in virtually all E&O activities throughout the state.
2. Several E&O sessions were devoted to the issue of abusive lending. These sessions brought in staff from "Don't Borrow Trouble," SWFHC's predatory lending and foreclosure program.
3. ADOH collaborated with the Arizona Foreclosure Task Force and Don't Borrow Trouble Pima County to address the foreclosure crisis.
4. Materials on predatory lending, foreclosures and mortgage modification scams have been distributed with the materials noted on pages in the "Fair Housing Education and Outreach" section.
5. In 2008, ADOH sponsored a study of foreclosures to understand the impact they were having and to improve planning to stem the tide and combat the damage they were having.

Impediment #6

Information gathering and monitoring fair housing performance needs to be improved.

The 2006 AI showed the following:

1. Many communities lack fair housing systematic and comprehensive intake, referral and/or logs to record and track allegations and referrals, as well as determine trends and needs. Without this information, it is difficult to determine

accurately the type and prevalence of housing discrimination that may be occurring and to conduct effective planning to address it.

2. CDBG sub recipients were not providing ADOH the information it needed to monitor their compliance with AFFH requirements.

ADOH responded by having CDBG recipients fill out annual questionnaires that provided some of the information needed. ADOH also collected information in site visits and phone monitoring.

Impediment #7

Enforcement needs to be increased in rural areas. In particular, there needs to be greater focus on border areas, colonias and communities surrounding reservations where discrimination has been shown to be particularly high.

This impediment was included in the 2006 AI and was a carryover from the 1996 AI for the Arizona Department of Commerce, a precursor to ADOH. The data included here indicates that testing is limited in rural areas primarily because of increased cost, limited funding and the need to focus on more cost effective investigations in urban areas where the population is concentrated. It also showed that because many housing providers and consumers are poorly informed regarding their fair housing responsibilities and rights, many rural communities do not have effective referral procedures in place. There is also a widespread problem in accurately logging and recording inquiries, allegations and complaints, causing the number of complaints coming from rural areas to be inordinately low.

ADOH accurately points out that it has no authority in the area of Fair Housing Enforcement and the State agency for this is the State of Arizona Attorney General's office – Civil Rights Division (AG). Nevertheless, the need for more enforcement in non-metro areas is acknowledged and is addressed through the E&O activities ADOH conducts to increase awareness and knowledge of fair housing, provide the information people need to get help if they encounter housing discrimination and train staff of public and private agencies to accurately refer and record complaints.

Impediment #8

“Not in my Backyard” (NIMBYism) impedes both fair housing and affordable housing.

NIMBYism that impedes fair housing is a difficult issue to resolve. It is not unusual for residents to coordinate attendance at public hearings and council meetings to express

opposition to such things as affordable housing, group homes or transitional housing, and elected officials are often intimidated by the possible political consequences of opposing vocal citizens when they organize. Freedom of speech is rightly valued in our country and as long as speech and actions do not threaten bodily harm, violence or cross the line into becoming illegal slander, defamation or disturbance of the peace it cannot be restricted or prohibited. The only viable response is targeted education and outreach to market the advantages of fair housing to residents.

ADOH has acted to combat NIMBYism that impedes fair housing in a number of ways, including the following:

1. Implement the comprehensive strategy to provide fair housing E&O.
2. Provide public hearings throughout the state to provide residents an opportunity to understand and express their concerns regarding affordable housing projects.
3. The Governors Forum has included sessions with NIMBYism as a focus.

Impediment #9

Existing fair housing resources are underutilized.

The 2006 AI observed that many public and private organizations that offer fair housing resources to their constituents and the public are underutilized, stating, "A better use of the resources that are available may help to improve fair housing compliance."

Early in the implementation of the Action Plan for this impediment, it was realized that it was redundant and is really subsumed under Impediments 1, 2 and 4. In other words the best way to utilize effectively existing fair housing resources is:

1. Educate and inform housing consumers regarding their rights and where to go for help.
2. Train public and private agency staff and call takers to recognize housing discrimination in discussions, questions and requests for information from clients or callers and to refer them to fair housing resources that can help them.

The education and outreach of housing consumers and training of agency personnel occurred in the comprehensive fair housing E&O and training activities discussed under "Education and Outreach" and Impediments 1, 2 and 4.

In addition, ADOH through its fair housing provider developed a list of agencies that offer fair housing services within Arizona that was distributed to public and private agencies in non-metro Arizona.

2010 Impediments and Plan of Action

Background

A number of impediments identified in 2010 carry over from past AIs because they continue to pose barriers to fair housing. Their persistence is indicative of the fact that in some cases, they have become embedded in the social, cultural, political and institutional fabric of certain communities and their eradication will continue to require a long-term commitment to affirmatively furthering fair housing (AFFH).

Two events since the 2006 AI had a major impact on fair housing and are reflected in carryover and newly identified impediments. The first was the collapse of the housing market that led to greater scrutiny of home loan applications, a severe economic recession, a dramatic increase in unemployment, an explosion of foreclosures, an increase in predatory mortgage foreclosure rescue and loan modification scams and large tax revenue decreases resulting in dramatic cuts in public services. All of these have hit minorities and other protected classes particularly hard.

The second major event was the Westchester Case described in detail in this report that reverberated throughout fair housing circles and is a factor in HUD's new emphasis on AFFH. Although AFFH has been mandatory for several years, HUD has begun to clarify and more strictly enforce AFFH requirements. This will have a strong impact on future AIs, and in particular, plans of action.

Impediment #1

Illegal housing discrimination is occurring in non-metro counties in Arizona.

The allegations, complaints, testing, interviews and surveys conducted for this AI provide evidence that housing discrimination is occurring in rural Arizona. However, it is difficult to determine its prevalence overall and in any specific area for the following reasons:

1. Housing consumers do not have a clear understanding of what constitutes housing discrimination or where to seek assistance.

2. Agency staff often lack proper training to recognize housing discrimination. In addition, procedures are frequently inadequate for referring possible housing discrimination victims.
3. Fair housing inquiries, allegations and complaints are often not logged and reported.

The need to address housing discrimination in rural Arizona was first identified in the 1996 AI by the Arizona Department of Commerce, a precursor to ADOH, when it stated that more testing was needed in rural areas in order to weed out the discrimination that was occurring. In the 2006 AI, the need for more enforcement in rural areas was carried over as a separate impediment. This need is folded into impediment #1 for this AI.

Action #1

As noted in the discussion of the 2006 Plan of Action, ADOH has no authority in the area of fair housing enforcement. The state agency that handles fair housing enforcement is the State of Arizona Attorney General’s Office – Civil Rights Division (AG). Nevertheless, ADOH will continue to address this impediment through the education and outreach it will be conducting in response to this and other impediments including:

1. Train CDBG recipients to recognize housing discrimination when allegations are made or clients encounter housing problems and then to refer them to agencies that can help them remedy the issue or file a complaint with HUD or the AG.
2. Distribute fair housing literature to housing consumers to provide them with the information they need to respond to housing discrimination.

Impediment #2

Many housing consumers are unaware of their fair housing rights and available fair housing resources. Therefore, when housing discrimination is encountered, it often goes unreported and unresolved.

A community survey about fair housing and discrimination, a phone survey about the accuracy of fair housing referrals and interviews with housing industry professionals were conducted. The complete results and conclusions about these efforts can be found in this report in the section “Assessment of Current Public and Private Fair Housing Programs and Activities in Arizona.” The survey results and the experience of education and outreach providers throughout Arizona show that an unacceptably high number of Arizonans are currently unaware of their fair housing rights and available fair housing

resources. The physical size and population distribution of Arizona, as well as limited funding exacerbates this impediment by impeding the provision of fair housing education and outreach to many areas that need it most.

Action #2

The State of Arizona will continue to fund education and outreach (E&O) throughout non-metro Arizona as it has since 1994. ADOH presently contracts with a fair housing E&O provider to conduct E&O throughout the non-entitlement areas of the state. The activities that were conducted since 2005 are described in the “Education and Outreach” section of this AI. Arizona, like other states, is facing an extreme budget deficit that makes it challenging to maintain the level of nonfederal funding that was previously provided for E&O. ADOH will conduct the following activities with the same levels of frequency it has since 2006:

- Conduct fair housing workshops targeting housing consumers in each of the four Councils of Government (COGs) in the state. The objective of the location and marketing of these workshops will be to provide residents in all of the thirteen rural counties in Arizona an opportunity to participate in the training.
- Provide a presence (e.g. staff a table) and distribute fair housing materials at community events that serve the thirteen rural counties in Arizona.
- Identify and establish sites in each rural county where fair housing literature will be distributed on an on-going basis, and ensure the materials are maintained and the sites are kept stocked. Fair housing materials will also be distributed at meetings, trainings, forums and community events in each of these counties when the opportunity presents itself. These materials will be available in both English and Spanish.
- Participate in local radio talks shows to discuss, educate and respond to questions regarding fair housing. The objective will be to conduct these broadcast sessions in each area of the state in order that residents in all thirteen rural counties will have an opportunity to hear them.
- Collaborate with public and private agencies, organizations and groups statewide to plan and conduct these activities.
- ADOH will support and participate in activities conducted and sponsored by the Arizona Fair Housing Partnership (AFHP).
- ADOH will annually request a proclamation from the Governor declaring April as “Fair Housing Month.” This proclamation is helpful in building an

awareness of fair housing throughout the state and kicks off the fair housing activities that are conducted throughout the state in April.

- These activities will be logged, summarized and reported annually in the CAPER.

Impediment #3

Many housing providers illegally discriminate because of inadequate knowledge and understanding of their responsibilities under the Fair Housing Act (FHAct).

This AI investigation which included interviews, surveys, the results of systemic testing and the observations of fair housing providers conducting E&O over the last several years showed that many real estate agents, property managers, property owners, media advertising agents, home insurance agents, lenders and other providers need to better understand their responsibility to comply with fair housing laws. The following problems are evident:

- Many providers do not obtain the free fair housing training and information that is available.
- Some property managers experience high staff turnover and do not provide training as often as needed.
- Some small property owners mistakenly believe that they do not need to comply with the Fair Housing Act.
- There are many gray areas between such issues as security, safety, and liability on the one hand and housing rights on the other. Many providers need up-to-date information in these areas in order to make better decisions.
- Housing providers in rural areas often need to drive long distances at considerable expense to receive necessary fair housing training.

Action #3

1. ADOH will continue to conduct fair housing training to housing providers throughout the non-metro rural areas of the state (See the “Fair Housing Education and Outreach” section of this report for trainings conducted since 2005). To overcome the barrier of time and distance for providers these trainings will take place in the rural areas themselves.

2. ADOH will continue to offer continuing education units (CEU) to real estate agents in non-metro areas throughout the state. CEUs provide an effective incentive for agents to participate in quality fair housing trainings.
3. ADOH will continue to fund the development and distribution of fair housing instructional materials to housing providers. Presently, ADOH's contracts with SWFHC for the distribution of 12,000 pieces of literature annually to both housing providers and consumers.

Impediment #4

Many public and private agencies in non-metro Arizona lack effective fair housing referral procedures. This impedes people's access to agencies that provide fair housing information and assistance to victims of housing discrimination.

SWFHC conducted a telephone survey in 2007 and in 2009 to determine how accurately government agencies and nonprofits throughout rural Arizona refer callers with fair housing questions or complaints. The survey results are in this report in the section "Assessment of Current Public and Private Fair Housing Programs and Activities in Arizona." Both surveys revealed that a significant number of calls were not properly referred. Many public and private agencies that were surveyed do not have clear and consistent procedures for referring people with fair housing problems. This creates an impediment to fair housing because many people in rural areas who contact a local government agency or a well-known local nonprofit agency for fair housing assistance do not get the information they need to proceed with their issue or receive misinformation that also impedes them from getting the proper help. In addition, inquiries, allegations and complaints are often not logged and the true prevalence of housing discrimination is obscured.

Action #4

1. ADOH will monitor the referral procedures of all CDBG recipients through an annual questionnaire that will require identification of the procedure used to train staff, log contacts, and specify the agencies to which they refer fair housing issues. Agencies that do not have effective referral procedures in place will be referred for training.
2. ADOH will continue to fund fair housing referral training at no cost to public and private agencies. ADOH will also provide all CDBG participants ongoing technical assistance on fair housing.

3. ADOH will provide all CDBG funded agencies with printed materials describing the recommended referral procedures and a list of agencies to which fair housing concerns, allegations and complaints can be referred. These will also be made available to agencies not funded by the state.

Impediment #5

Disparities in lending and predatory lending practices are impediments to fair housing choice in Arizona.

Data presented in this AI, which included an analysis of HMDA reports and information on the current foreclosure crisis in the state evidenced the following:

- Subprime lending targeted minorities prior to the collapse of the housing market in 2007.
- Subprime borrowers have been hardest hit by the impact of the market collapse. This includes a precipitous drop in housing prices and a depressed economy with increased unemployment in the face of interest rate increases on adjustable rate mortgages. The result has been unprecedented levels of defaults and foreclosures.
- Minority neighborhoods are experiencing a higher proportion of foreclosures and abandonments compared to white neighborhoods. This is resulting in redlining from lenders unwilling to loan in neighborhoods with high rates of foreclosures and insurance companies unwilling to write policies or offering dramatically increased rates.
- Foreclosure rescue and mortgage modification scammers are targeting minorities and people with limited English proficiency (LEP).

Minorities with similar or better qualifications than non-minorities continue to experience higher rates of loan denials and higher rates of subprime loans from lenders.

Action #5

1. ADOH will collaborate with organizations such as the Arizona Foreclosure Prevention Task Force and Don't Borrow Trouble in Pima County by co-sponsoring trainings for people at risk of foreclosure, promoting counseling efforts to people wanting a loan modification and encouraging enforcement efforts of state and federal agencies to charge and punish agents and companies who perpetrate illegal foreclosure and loan modification scams.

2. ADOH will require that information on predatory and abusive lending practices be included in the education and outreach materials that are distributed on an on-going basis throughout the state.⁸⁹
3. An annual anti-predatory lending training will be presented in the four state COG areas. This will be marketed to public and private agency staff, housing consumers and housing providers.

Impediment #6

“Not in my Backyard” (NIMBYism) can be an impediment to fair housing because it has obstructed plans and policies to provide affordable housing and special needs housing that serves protected classes.

NIMBYism that impedes fair housing is a difficult issue to resolve. It is not unusual for residents to coordinate attendance at public hearings and council meetings to express opposition to such things as affordable housing, group homes or transitional housing, and elected officials are often intimidated by the possible political consequences of opposing vocal citizens when they organize. Freedom of speech is rightly valued in our country and as long as speech and actions do not threaten bodily harm, violence or cross the line into becoming illegal slander, defamation or disturbance of the peace it cannot be restricted or prohibited. The only viable response is targeted education and outreach to market the advantages of fair housing to residents.

Action #6

ADOH will continue to conduct the following activities to address this impediment:

1. Implement the comprehensive strategy to provide fair housing education and outreach statewide.
2. Provide public hearings throughout the state to provide residents an opportunity to learn about the benefits of affordable housing and diversity in neighborhoods and express their concerns regarding affordable housing projects.⁹⁰

⁸⁹ These materials are available through both the Arizona Foreclosure Task Force and Don't Borrow Trouble of Pima County.

⁹⁰ For example, the economic benefits of affordable and diverse neighborhoods to communities is often not emphasized enough. The reduction of crime, gangs, drugs, and graffiti can not only has a positive impact on the safety and appearances of neighborhoods and reducing possible redlining and insurance costs, but also leads to reductions in the cost of law enforcement and city maintenance which is reflected in lower tax rates. More work needs to be done to explain the relationship between affordable housing and neighborhood diversity to the cost of maintaining a healthy community and to get this message across to concerned residents.

Impediment #7

The issue of affordable housing is a fair housing impediment in two ways:

- **The lack of affordable housing throughout the state has a disparate negative impact on Fair Housing Act protected classes.**
- **Planning to affirmatively further fair housing will be included/expanded in affordable housing projects funded by ADOH.**

Affordable housing is an issue that has a broad impact in every area of the state and can have a direct impact on fair housing. The factors affecting the need for affordable housing and its relationship to fair housing can be complex and entail historical, social, cultural, political, economic and geographical considerations. The relationship between affordable and fair housing in Arizona is evidenced, in part, by the following:

- The availability of affordable housing has a disparate impact on persons protected under the Fair Housing Act. Demographic, employment, and income data show that minorities, families with children (including single parent families), and persons with disabilities are proportionally overrepresented in low-income data and are most in need of affordable housing.
- Because of the connection between affordable housing and the protected classes covered by the Fair Housing Act, the term “affordable” to some has become a metaphor for housing for minorities, families with children and persons with disabilities and is laden with inaccurate stereotypes.⁹¹ Thus, affordable housing construction and policies may be opposed by “Not In My Backyard” (NIMBY) groups for a myriad of specious reasons that may obscure the real intent of critics.
- The location of affordable housing is a fair housing issue. The accessibility of affordable housing to public transportation, employment, good schools and other amenities is critically important to the financial, educational and social well-being of protected classes.

The disparate and less favorable provision of public services to affordable neighborhoods may create safety concerns, lower property values, induce redlining, and facilitate the deterioration of the neighborhood.

⁹¹ Sheila Harris, “Affordable’ housing is an asset that can benefit whole community” Op Ed, Arizona Republic.

Action #7

ADOH directly creates affordable housing through a number of programs that are part of the Consolidated Plan. This AI is a component of the Consolidated Plan. Beyond the development of affordable housing itself, each ADOH affordable housing project should affirmatively further fair housing in the following ways:

1. Each ADOH Request for Proposals (RFP) for housing-related projects and funding should include a section where AFFH is addressed by the applicant and scored by ADOH.
2. Each housing project funded by ADOH include a clear AFFH plan as a component of the operational plan. The AFFH plan will include the following:
 - Demographic data and maps to identify minority residential concentrations in the residential areas impacted by the project.
 - Specific activities that will be conducted to AFFH (e.g. Affirmative Marketing Plan).
 - All tax credit, HOME and Housing Trust Fund projects will be monitored to evaluate the performance of the projects fair housing goals.

Impediment #8

On-going data gathering from CDBG sub recipients will need to improve to meet evolving AI requirements. The 2006 AI stated, "Information gathering and monitoring fair housing performance needs to be improved." ADOH responded with improvements in these areas. This impediment carries over to the 2010 Plan of Action.

Since its inception, the AI process has been continually evolving. As technology improves the ability of CDBG jurisdictions to plan for fair housing, collect information, organize information, monitor performance, evaluate the effectiveness of the implementation of plans and report on outcomes, results have improved. HUD has been expecting more from CDBG jurisdictions in the development of AIs and in the planning that is entailed. This will continue. Recent legal and complaint action relating to AIs only accelerates this trend.

Action #8

While ADOH has complied with the standard information and reporting requirements for AIs to date, ADOH will need to do more in the future to stay ahead of the curve. ADOH

will require a mandatory comprehensive questionnaire with new questions about local zoning and land use laws' compliance with fair housing laws be filled out and submitted by all sub recipients. The results of this questionnaire will be summarized and included in the annual CAPER and future AIs beginning in 2011. This questionnaire will include responses to questions regarding the following:

1. The exclusionary nature of zoning and land use codes; policies regarding group homes; changes and decisions regarding zoning made by local boards, councils or commissions; and legal cases or challenges to codes or policies in the last year. The appendix includes a detailed zoning and land use questionnaire provided by HUD that focuses on the effect of zoning and land use laws on people with disabilities, a protected class. The survey can be modified to help acquire the necessary data to determine how zoning and land use laws affect any or all protected classes and whether or not the laws comply with fair housing laws.
2. Patterns of home ownership versus rental, housing density, housing age and/or condition, overcrowding, income, family size, residency tenure, bank loans by type, etc.
3. Demographic overview in terms of race, ethnicity, home ownership, income, poverty, etc. and trends.
4. The nature and extent of fair housing inquiries, allegations, complaints, referrals and outcomes documented by logs.
5. List and describe fair housing activities conducted within the jurisdiction of the sub recipient.

Plan of Action Summary Table

Table 42: Plan of Action Summary⁹²

	Impediment	Plan of Action	*
1.	Illegal housing discrimination is occurring in non-metro counties in Arizona.	<ol style="list-style-type: none"> 1. Train CDBG recipients to recognize housing discrimination when allegations are made or clients encounter housing problems and then to refer them to agencies that can help them remedy the issue or file a complaint with HUD or the AG. 2. Distribute fair housing literature to housing consumers to provide them with the information they need to respond to housing discrimination. 	
2.	Many housing consumers are unaware of their fair housing rights and available fair housing resources. Therefore, when housing discrimination is encountered, it often goes unreported and unresolved.	<ol style="list-style-type: none"> 1. Conduct fair housing workshops targeting housing consumers in each of the four Councils of Government (COGs) in the state. The objective of the location and marketing of these workshops will be to provide residents in all of the thirteen rural counties in Arizona an opportunity to participate in the training. 2. Provide a presence (e.g. staff a table) and distribute fair housing materials at community events that serve the thirteen rural counties in Arizona. 3. Identify and establish sites in each rural county where fair housing literature will be distributed on an on-going basis, and ensure the materials are maintained and the sites are kept stocked. Fair housing materials will also be distributed at meetings, trainings, forums and community events in each of these counties when the opportunity presents itself. These materials will be available in both English and Spanish. 4. Participate in local radio talk shows to discuss, educate and respond to questions regarding fair housing. The objective will be to conduct these broadcast sessions in each area of the state in order that residents in all thirteen rural counties will have an opportunity to hear them. 5. Collaborate with public and private agencies, 	

⁹² Many of the activities described in the Plan of Action will be conducted by a provider or providers under contract to ADOH.

		<p>organizations and groups statewide to plan and conduct these activities.</p> <ol style="list-style-type: none"> 6. ADOH will support and participate in activities conducted and sponsored by the Arizona Fair Housing Partnership (AFHP). 7. ADOH will annually request a proclamation from the Governor declaring April as “Fair Housing Month.” This proclamation is helpful in building an awareness of fair housing throughout the state and kicks off the fair housing activities that are conducted throughout the state in April. 8. These activities will be logged, summarized and reported annually in the CAPER. 	
3.	<p>Many housing providers illegally discriminate because of inadequate knowledge and understanding of their responsibilities under the Fair Housing Act (FHAct).</p>	<ol style="list-style-type: none"> 1. ADOH will continue to conduct fair housing training for housing providers throughout the non-metro rural areas of the state to overcome the barrier of time and distance for providers. These trainings will take place in the rural areas. 2. ADOH will continue to offer continuing education credits to real estate agents in non-metro areas throughout the state. 3. ADOH will continue to fund the development and distribution of fair housing instructional materials to housing providers. 	
4.	<p>Many public and private agencies in non-metro Arizona lack effective fair housing referral procedures. This impedes people’s access to agencies that provide fair housing information and assistance to victims of housing discrimination.</p>	<ol style="list-style-type: none"> 1. ADOH will monitor the referral procedures of all CDBG recipients through an annual questionnaire that will require identification of the procedure used to train staff, log contacts, and specify the agencies to which they refer fair housing issues. Agencies that do not have effective referral procedures in place will be referred for training. 2. ADOH will continue to fund fair housing referral training at no cost to public and private agencies. ADOH will also provide all CDBG participants ongoing technical assistance on fair housing. 3. ADOH will provide all CDBG funded agencies with 	

		<p>printed materials describing the recommended referral procedures and a list of agencies to which fair housing concerns, allegations and complaints can be referred. These will also be made available to agencies not funded by the state.</p>
5.	<p>Disparities in lending and predatory lending practices are impediments to fair housing choice in Arizona.</p>	<ol style="list-style-type: none"> 1. ADOH will collaborate with organizations such as the Arizona Foreclosure Prevention Task Force and Don't Borrow Trouble in Pima County by co-sponsoring trainings for people at risk of foreclosure, promoting counseling efforts to people wanting a loan modification and encouraging enforcement efforts of state and federal agencies to charge and punish agents and companies who perpetrate illegal foreclosure and loan modification scams. 2. ADOH will require that information on predatory and abusive lending practices be included in the education and outreach materials that are distributed on an ongoing basis throughout the State. 3. An annual anti-predatory lending training will be presented in the four state COG areas. This will be marketed to public and private agency staff, housing consumers and housing providers.
6.	<p>"Not in my Backyard" (NIMBYism) can be an impediment to fair housing because it has obstructed plans and policies to provide affordable housing and special needs housing that serves protected classes.</p>	<ol style="list-style-type: none"> 1. Implement the comprehensive strategy to provide fair housing education and outreach statewide. 2. Provide public hearings throughout the state to provide residents an opportunity to learn about the benefits of affordable housing and diversity in neighborhoods and express their concerns regarding affordable housing projects.
7.	<p>Lack of affordable housing is a fair housing impediment in two ways:</p> <ul style="list-style-type: none"> ▪ The need for affordable housing throughout the state has a disparate negative impact on Fair 	<p>The following will be initiated by ADOH:</p> <ol style="list-style-type: none"> 1. Each ADOH Request for Proposals (RFP) for housing-related projects and funding includes a section where AFFH is addressed by the applicant and reviewed by ADOH. 2. Each housing project funded by ADOH include a clear AFFH plan as a component of the operational plan. The

	<p>Housing Act protected classes.</p> <ul style="list-style-type: none"> ▪ Planning to affirmatively further fair housing needs to be included/expanded in federally funded affordable housing projects. 	<p>AFFH plan will include the following:</p> <ul style="list-style-type: none"> ▪ Demographic data and maps to identify minority residential concentrations in the residential areas impacted by the project. ▪ Specific activities that will be conducted to AFFH (e.g. Affirmative Marketing Plan). ▪ All tax credit, HOME and Housing Trust Fund projects will be monitored to evaluate the performance of the project’s fair housing goals. 	
<p>8.</p>	<p>On-going data gathering from sub recipients will need to improve to meet evolving AI requirements.</p>	<p>While ADOH has complied with the standard information and reporting requirements for AIs to date, ADOH will need to do more in the future to stay ahead of the curve. ADOH will require a mandatory comprehensive questionnaire with new questions about local zoning and land use laws’ compliance with fair housing laws, be filled out and submitted by all sub recipients. ADOH will also summarize and report on the responses to the questionnaire in CAPERS and AI’s beginning in 2011. This questionnaire will include responses to questions regarding the following:</p> <ol style="list-style-type: none"> 1. The exclusionary nature of zoning and land use codes; policies regarding group homes; changes and decisions regarding zoning made by local boards, councils or commissions; and legal cases or challenges to codes or policies in the last year. The appendix includes a detailed zoning and land use questionnaire provided by HUD that focuses on the effect of zoning and land use laws on people with disabilities, a protected class. The survey can be modified to help acquire the necessary data to determine how zoning and land use laws affect any or all protected classes and whether or not the laws comply with fair housing laws. 2. Patterns of home ownership versus rental, housing density, housing age and/or condition, overcrowding, income, family size, residency tenure, bank loans by type, etc. 3. Demographic overview in terms of race, ethnicity, home ownership, income, poverty, etc. and trends. 	

		<p>4. The nature and extent of fair housing inquiries, allegations, complaints, referrals and outcomes documented by logs.</p> <p>5. List and describe fair housing activities conducted within the jurisdiction of the sub recipient.</p>	
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* Providing the additional third column allows the table to be printed in a landscape format, the third column headed “ Activities Conducted” and used to report on actual activities as the Plan of Action is implemented.

Conclusion

The Arizona Department of Housing has limited authority within the State of Arizona’s governmental structure. For example, ADOH has no fair housing enforcement capacity. The State of Arizona Attorney General’s Office has this responsibility. Therefore, the identification of impediments to fair housing choice and Plan of Action was limited to those areas that are within ADOH’s jurisdiction. However, within the parameters that ADOH operates, it will continue to have a significant impact in improving fair housing choice in Arizona. The key points in the Plan of Action include the following:

- The continuation of a comprehensive strategy to provide fair housing education and outreach to both housing providers and housing consumers in the non-metro counties of Arizona.
- The inclusion of training, information and activities to address the need for foreclosure prevention and the increase in foreclosure rescue and mortgage modification scams that are hitting residents protected under Title VIII particularly hard.
- Requiring that all federally funded projects funded by ADOH include a strategy to affirmatively further fair housing and a plan for monitoring and enforcing this requirement.
- Requiring that all communities with CDBG funding through ADOH provide ADOH information on zoning and land use to determine the extent that land use provisions and practices may be either exclusionary or inclusionary and to use this information to inform ADOH planning.

appendix

ADOH CDBG File Checklist: Affirmatively Furthering Fair Housing



CDBG FILE CHECKLIST

AFFIRMATIVELY FURTHERING FAIR HOUSING (AFFH)

Community: _____ Calendar Year: _____

Check/Date

Item

_____	Resolution or Proclamation (*)
_____	Assessment, with information about status of such, committee members, meeting notices or public hearings, minutes/notes and list of attendees
_____	Press Releases
_____	Brochures and distribution/mailing list
_____	Location of Posters and distribution list for same (*)
_____	A copy of the State and Federal Fair Housing Law
_____	A copy of the section of the Consolidated Plan applicable to AFFH

- _____ Copies of newspaper articles
- _____ Poster or essay contest information
- _____ Letters to real estate licensees and a mailing list
- _____ Letters to housing lenders and a mailing list
- _____ Notices of AFFH training, public meetings, workshops; a list of attendees
- _____ PSAs and a mailing list
- _____ Information about housing discrimination complaints and the disposition of each, e.g., referral to the Attorney General
- _____ Contacts made (by telephone) with groups interested in providing AFFH training or workshops
- _____ Other

(*) = required action. The other items listed are samples of AFFH activities. You must complete at least three, including the two required actions.

A checklist for each calendar year a community is eligible for CDBG funds regardless of if they have any open contracts must be retained.

HMDA Data Tables

Table 43: Table 1a: Arizona All Single-Family Lending Analysis - 2007

Location	Indicators	All		Prime		Subprime		Prime - Subprime	Demographics		Demographics - subprime
		Number	Percent	Number	Percent	Number	Percent		Number	Percent	
Cochise, Graham, Greenlee, Santa Cruz											
	Total Number of Loans	4,635	100.00%	3,690	100.00%	945	100.00%	0.00%	68,968	100.00%	0.00%
	Whites	2234	48.20%	1913	51.84%	321	33.97%	17.87%	41,614	60.34%	26.37%
	Hispanics	1388	34.00%	995	30.24%	393	49.62%	-19.38%	22,506	32.63%	-16.99%
	Native Americans	43	1.08%	34	1.06%	9	1.20%	-0.14%	1,613	2.34%	1.14%
	LMI Borrowers	490	10.96%	360	10.13%	130	14.16%	-4.03%	26,968	39.10%	24.94%
	MUI Borrowers	3981	89.04%	3193	89.87%	788	85.84%	4.03%	42,000	60.90%	-24.94%
	Male	1356	30.85%	1072	30.49%	284	32.31%	-1.82%	n/a	n/a	n/a
	Female	877	19.95%	662	18.83%	215	24.46%	-5.63%	n/a	n/a	n/a
La Paz, Mohave, Yuma											
	Total Number of Loans	9,426	100.00%	7,805	100.00%	1,621	100.00%	0.00%	125,092	100.00%	0.00%
	Whites	5151	54.65%	4409	56.49%	742	45.77%	10.72%	93,375	74.65%	28.87%
	Hispanics	2586	30.81%	2036	29.07%	550	39.57%	-10.50%	25,728	20.57%	-19.00%
	Native Americans	176	2.13%	150	2.17%	26	1.92%	0.26%	2,888	2.31%	0.39%
	LMI Borrowers	1362	15.09%	1123	15.02%	239	15.41%	-0.39%	49,075	39.23%	23.82%
	MUI Borrowers	7664	84.91%	6352	84.98%	1312	84.59%	0.39%	76,017	60.77%	-23.82%
	Male	2569	28.76%	2051	27.74%	518	33.66%	-5.92%	n/a	n/a	n/a
	Female	1749	19.58%	1350	18.26%	399	25.93%	-7.67%	n/a	n/a	n/a
Apache, Navajo											
	Total Number of Loans	1,958	100.00%	1,550	100.00%	408	100.00%	0.00%	49,987	100.00%	0.00%
	Whites	1391	71.04%	1158	74.71%	233	57.11%	17.60%	20,482	40.97%	-16.13%
	Hispanics	125	7.52%	88	6.51%	37	11.94%	-5.43%	2,872	5.75%	-6.19%
	Native Americans	41	2.48%	23	1.71%	18	5.92%	-4.21%	25,810	51.63%	45.71%
	LMI Borrowers	181	9.61%	128	8.54%	53	13.73%	-5.19%	23,726	47.46%	33.73%
	MUI Borrowers	1703	90.39%	1370	91.46%	333	86.27%	5.19%	26,261	52.54%	-33.73%
	Male	493	26.81%	379	25.80%	114	30.81%	-5.01%	n/a	n/a	n/a
	Female	321	17.46%	246	16.75%	75	20.27%	-3.52%	n/a	n/a	n/a
Coconino/Yavapai											
	Total Number of Loans	8488	100.00%	7431	100.00%	1057	100.00%	0.00%	110,455	100.00%	0.00%
	Whites	6372	75.07%	5693	76.61%	679	64.24%	12.37%	91,033	82.42%	18.18%
	Hispanics	439	5.99%	345	5.32%	94	11.05%	-5.72%	8,035	7.27%	-3.77%
	Native Americans	71	0.97%	47	0.73%	24	2.83%	-2.10%	9,027	8.17%	5.35%
	LMI Borrowers	1048	13.01%	930	13.12%	118	12.22%	0.90%	40,066	36.27%	24.06%
	MUI Borrowers	7007	86.99%	6159	86.88%	848	87.78%	-0.90%	70,389	63.73%	-24.06%
	Male	2036	25.71%	1687	24.29%	349	35.79%	-11.50%	n/a	n/a	n/a
	Female	1741	21.98%	1516	21.83%	225	23.08%	-1.25%	n/a	n/a	n/a
Gila, Pinal											

Total Number of Loans	14310	100.00%	11606	100.00%	2704	100.00%	0.00%	81,578	100.00%	0.00%
Whites	8669	60.58%	7309	62.98%	1360	50.30%	12.68%	59,193	72.56%	22.26%
Hispanics Native Americans	2146	17.34%	1544	15.29%	602	26.39%	-11.10%	15,518	19.02%	-7.37%
LMI Borrowers MUI Borrowers	3495	25.75%	2833	25.56%	662	26.57%	-1.00%	38,719	47.46%	20.90%
Male	10079	74.25%	8249	74.44%	1830	73.43%	1.00%	42,859	52.54%	-20.90%
Female	4113	30.37%	3185	28.94%	928	36.54%	-7.59%	n/a	n/a	n/a
	2967	21.90%	2359	21.44%	608	23.94%	-2.50%	n/a	n/a	n/a
Rural AZ*										
Total Number of Loans	7802	100.00%	6209	100.00%	1593	100.00%	0.00%	147,512	100.00%	0.00%
Whites	4505	57.74%	3795	61.12%	710	44.57%	16.55%	83,879	56.86%	12.29%
Hispanics Native Americans	1603	23.58%	1142	20.79%	461	35.33%	-14.54%	29,268	19.84%	-15.48%
LMI Borrowers MUI Borrowers	100	1.50%	68	1.26%	32	2.55%	-1.29%	29,865	20.25%	17.70%
Male	796	10.58%	587	9.80%	209	13.66%	-3.86%	62,928	42.66%	29.00%
Female	6725	89.42%	5404	90.20%	1321	86.34%	3.86%	84,584	57.34%	-29.00%
	2137	28.99%	1663	28.16%	474	32.31%	-4.15%	n/a	n/a	n/a
	1431	19.41%	1094	18.53%	337	22.97%	-4.45%	n/a	n/a	n/a
Arizona										
Total Number of Loans	198,788	100.00%	163,957	100.00%	34,831	100.00%	0.00%	1,901,625	100.00%	0.00%
Whites	118,061	59.39%	103,210	62.95%	14,851	42.64%	20.31%	1,397,040	73.47%	30.83%
Hispanics Native Americans	37,078	21.25%	24,987	17.32%	12,091	39.99%	-22.67%	331,850	17.45%	-22.54%
LMI Borrowers MUI Borrowers	1,697	0.99%	1,255	0.88%	442	1.50%	-0.61%	67,858	3.57%	2.07%
Male	38,842	20.53%	30,821	19.68%	8,021	24.65%	-4.97%	744,693	39.16%	14.52%
Female	150,328	79.47%	125,803	80.32%	24,525	75.35%	4.97%	1,156,932	60.84%	-14.52%
	60,957	32.37%	47,523	30.62%	13,434	40.55%	-9.93%	n/a	n/a	n/a
	45,898	24.37%	37,021	23.86%	8,877	26.80%	-2.94%	n/a	n/a	n/a

Notes:

1) Demographic data are from Census 2000

2) "Whites" stands for "White Non-Hispanic"

3) There is no between lending to males and females and the demographic composition of households, as lending data singles out male and females only, while the composition of households includes joint households

* The definition of "Rural Arizona" has changed from 2004 to 2007. In 2007, Apache county has been classified as rural, while Mohave county was dropped from this classification. This resulted in a difference in the demographic composition of "Rural Arizona" between 2004 and 2007.

Table 44: Table 1b: Arizona All Single-Family Lending Analysis - 2004

Location	Indicators	All		Prime		Subprime		Prime - Subprime	Demographics		Demographics - subprime
		Number	Percent	Number	Percent	Number	Percent		Number	Percent	
Cochise, Graham, Greenlee, Santa Cruz											
	Total Number of Loans	5,212	100.00%	4,374	100.00%	838	100.00%	0.00%	68,968	100.00%	0.00%
	Whites	2455	57.62%	2206	61.01%	249	38.60%	22.40%	41614	60.34%	21.73%
	Hispanics	1558	36.31%	1182	32.58%	376	56.71%	-24.13%	22506	32.63%	-24.08%
	Native Americans	87	2.04%	64	1.77%	23	3.57%	-1.80%	1613	2.34%	-1.23%
	LMI Borrowers	869	18.10%	692	17.38%	177	21.59%	-4.20%	26968	39.10%	17.52%
	MUI Borrowers	3932	81.90%	3289	82.62%	643	78.41%	4.20%	42000	60.90%	-17.52%
	Male	1300	56.77%	1068	57.61%	232	53.21%	4.39%	n/a	n/a	n/a
	Female	990	43.23%	786	42.39%	204	46.79%	-4.39%	n/a	n/a	n/a
La Paz, Mohave, Yuma											
	Total Number of Loans	11,310	100.00%	9,565	100.00%	1,745	100.00%	0.00%	125,092	100.00%	0.00%
	Whites	6653	70.00%	5777	71.15%	876	63.25%	7.90%	93375	74.65%	11.40%
	Hispanics	2365	24.97%	1905	23.59%	460	32.95%	-9.36%	25728	20.57%	-12.38%
	Native Americans	337	3.55%	264	3.25%	73	5.27%	-2.02%	2888	2.31%	-2.96%
	LMI Borrowers	1887	18.13%	1531	17.61%	356	20.81%	-3.20%	49075	39.23%	18.42%
	MUI Borrowers	8519	81.87%	7164	82.39%	1355	79.19%	3.20%	76017	60.77%	-18.42%
	Male	3045	59.96%	2512	60.05%	533	59.55%	0.50%	n/a	n/a	n/a
	Female	2033	40.04%	1671	39.95%	362	40.45%	-0.50%	n/a	n/a	n/a
Apache, Navajo											
	Total Number of Loans	1,925	100.00%	1,632	100.00%	293	100.00%	0.00%	49,987	100.00%	0.00%
	Whites	1403	86.07%	1235	88.28%	168	72.73%	15.55%	20482	40.97%	-31.75%
	Hispanics	79	5.04%	53	3.93%	26	11.87%	-7.94%	2872	5.75%	-6.13%
	Native Americans	23	1.41%	11	0.79%	12	5.19%	-4.41%	25810	51.63%	46.44%
	LMI Borrowers	267	15.04%	208	14.00%	59	20.42%	-6.42%	23726	47.46%	27.05%
	MUI Borrowers	1508	84.96%	1278	86.00%	230	79.58%	6.42%	26261	52.54%	-27.05%
	Male	380	52.92%	308	52.20%	72	56.25%	-4.05%	n/a	n/a	n/a
	Female	338	47.08%	282	47.80%	56	43.75%	4.05%	n/a	n/a	n/a
Coconino/Yavapai											
	Total Number of Loans	10924	100.00%	9858	100.00%	1066	100.00%	0.00%	110455	100.00%	0.00%
	Whites	8090	85.43%	7424	86.28%	666	76.99%	9.28%	91033	82.42%	5.42%
	Hispanics	519	5.74%	429	5.23%	90	10.82%	-5.59%	8035	7.27%	-3.54%
	Native Americans	140	1.48%	104	1.21%	36	4.16%	-2.95%	9027	8.17%	4.01%
	LMI Borrowers	1988	20.38%	1756	20.05%	232	23.34%	-3.29%	40066	36.27%	12.93%
	MUI Borrowers	7766	79.62%	7004	79.95%	762	76.66%	3.29%	70389	63.73%	-12.93%
	Male	2476	52.23%	2188	51.96%	288	54.34%	-2.38%	n/a	n/a	n/a
	Female	2265	47.77%	2023	48.04%	242	45.66%	2.38%	n/a	n/a	n/a
Gila, Pinal											
	Total Number of Loans	11792	100.00%	10028	100.00%	1764	100.00%	0.00%	81578	100.00%	0.00%
	Whites	7365	75.79%	6447	77.73%	918	64.51%	13.22%	59193	72.56%	8.05%
	Hispanics	1478	15.62%	1118	13.86%	360	25.81%	-11.95%	15518	19.02%	-6.78%
	Native Americans	143	1.47%	95	1.15%	48	3.37%	-2.23%	4745	5.82%	2.44%

LMI Borrowers	3913	36.98%	3219	36.24%	694	40.85%	-4.61%	38719	47.46%	6.61%
MUI Borrowers	6668	63.02%	5663	63.76%	1005	59.15%	4.61%	42859	52.54%	-6.61%
Male	3147	56.64%	2584	56.82%	563	55.85%	0.96%	n/a	n/a	n/a
Female	2409	43.36%	1964	43.18%	445	44.15%	-0.96%	n/a	n/a	n/a
Rural AZ										
Total Number of Loans	14918	100.00%	12559	100.00%	2359	100.00%	0.00%	210308	100.00%	0.00%
Whites	9505	75.78%	8317	77.77%	1188	64.29%	13.48%	139311	66.24%	1.96%
Hispanics	2174	17.65%	1631	15.57%	543	29.48%	-13.91%	34052	16.19%	-13.29%
Native Americans	191	1.52%	134	1.25%	57	3.08%	-1.83%	31094	14.78%	11.70%
LMI Borrowers	2283	16.56%	1807	15.75%	476	20.56%	-4.81%	87253	41.49%	20.93%
MUI Borrowers	11506	83.44%	9667	84.25%	1839	79.44%	4.81%	123055	58.51%	-20.93%
Male	3822	57.15%	3140	57.39%	682	56.04%	1.35%	n/a	n/a	n/a
Female	2866	42.85%	2331	42.61%	535	43.96%	-1.35%	n/a	n/a	n/a
Arizona										
Total Number of Loans	264791	100.00%	230331	100.00%	34460	100.00%	0.00%	1901625	100.00%	0.00%
Whites	160726	72.33%	145658	75.03%	15068	53.66%	21.38%	1397040	73.47%	19.81%
Hispanics	42081	19.13%	31259	16.31%	10822	38.23%	-21.92%	331850	17.45%	-20.77%
Native Americans	3147	1.42%	2380	1.23%	767	2.73%	-1.51%	67858	3.57%	0.84%
LMI Borrowers	71610	29.67%	58483	28.14%	13127	39.20%	-11.06%	744693	39.16%	-0.04%
MUI Borrowers	169739	70.33%	149377	71.86%	20362	60.80%	11.06%	1156932	60.84%	0.04%
Male	75568	55.61%	63205	55.33%	12363	57.09%	-1.76%	n/a	n/a	n/a
Female	60329	44.39%	51036	44.67%	9293	42.91%	1.76%	n/a	n/a	n/a

Table 45: Table 2a: Arizona All Single-Family Market Share Lending Analysis - 2007

	Applicant Race			Borrower Income		Gender	
	American Indian/ Alaska Native	Hispanic or Latino (Ethnicity)	White Non-Hispanic (Minority Status)	LMI	MUI	Male	Female
State of AZ							
Subprime Loans	442	12,091	14,851	8,021	24,525	13,434	8,877
Total Loans	1,697	37,078	118,061	38,842	150,328	60,957	45,898
Market Share %	26.05%	32.61%	12.58%	20.65%	16.31%	22.04%	19.34%
Disparity Ratio	2.07	2.59	1.00	1.27	1.00	1.00	0.88
Cochise, Graham, Greenlee, Santa Cruz							
Total Loans	43	1,388	2,234	490	3,981	1,356	877
Subprime Loans	9	393	321	130	788	284	215
Market Share %	20.93%	28.31%	14.37%	26.53%	19.79%	20.94%	24.52%
Disparity Ratio	1.46	1.97	1.00	1.34	1.00	1.00	1.17
La Paz, Mohave, Yuma							
Total Loans	176	2,586	5,151	1,362	7,664	2,569	1,749
Subprime Loans	26	550	742	239	1,312	518	399
Market Share %	14.77%	21.27%	14.40%	17.55%	17.12%	20.16%	22.81%
Disparity Ratio	1.03	1.48	1.00	1.03	1.00	1.00	1.13

Apache, Navajo							
Total Loans	41	125	1,391	181	1,703	493	321
Subprime Loans	18	37	233	53	333	114	75
Market Share %	43.90%	29.60%	16.75%	29.28%	19.55%	23.12%	23.36%
Disparity Ratio	2.62	1.77	1.00	1.50	1.00	1.00	1.01
Coconino/ Yavapai							
Total Loans	71	439	6,372	1,048	7,007	2,036	1,741
Subprime Loans	24	94	679	118	848	349	225
Market Share %	33.80%	21.41%	10.66%	11.26%	12.10%	17.14%	12.92%
Disparity Ratio	3.17	2.01	1.00	0.93	1.00	1.00	0.75
Gila, Pinal							
Total Loans	128	2,146	8,669	3,495	10,079	4,113	2,967
Subprime Loans	29	602	1,360	662	1,830	928	608
Market Share %	22.66%	28.05%	15.69%	18.94%	18.16%	22.56%	20.49%
Disparity Ratio	1.44	1.79	1.00	1.04	1.00	1.00	0.91
Rural AZ							
Total Loans	100	1,603	4,545	796	6,725	2,137	1,431
Subprime Loans	32	461	710	209	1,321	474	337
Market Share %	32.00%	28.76%	15.62%	26.26%	19.64%	22.18%	23.55%
Disparity Ratio	2.05	1.84	1.00	1.34	1.00	1.00	1.06

Table 46: Table 2b: Arizona All Single-Family Market Share Lending Analysis - 2004

	Applicant Race			Borrower Income		Gender	
	American Indian/ Alaska Native	Hispanic or Latino (Ethnicity)	White Non-Hispanic (Minority Status)	LMI	MUI	Male	Female
State of AZ							
Subprime Loans	767	10,822	15,068	13,127	20,362	12,363	9,293
Total Loans	3,147	42,081	160,726	71,610	169,739	75,568	60,329
Market Share %	24.37%	25.72%	9.37%	18.33%	12.00%	16.36%	15.40%
Disparity Ratio	2.60	2.74	1.00	1.53	1.00	1.00	0.94
Cochise, Graham, Greenlee, Santa Cruz							
Total Loans	87	1,558	2,455	869	3,932	1,300	990
Subprime Loans	23	376	249	177	643	232	204
Market Share %	26.44%	24.13%	10.14%	20.37%	16.35%	17.85%	20.61%
Disparity Ratio	2.61	2.38	1.00	1.25	1.00	1.00	1.15
La Paz, Mohave, Yuma							
Total Loans	337	2,365	6,653	1,887	8,519	3,045	2,033
Subprime Loans	73	460	876	356	1,355	533	362

Market Share %	21.66%	19.45%	13.17%	18.87%	15.91%	17.50%	17.81%
Disparity Ratio	1.65	1.48	1.00	1.19	1.00	1.00	1.02
Apache, Navajo							
Total Loans	23	79	1,403	267	1,508	380	338
Subprime Loans	12	26	168	59	230	72	56
Market Share %	52.17%	32.91%	11.97%	22.10%	15.25%	18.95%	16.57%
Disparity Ratio	4.36	2.75	1.00	1.45	1.00	1.00	0.87
Coconino/ Yavapai							
Total Loans	140	519	8,090	1,988	7,766	2,476	2,265
Subprime Loans	36	90	666	232	762	288	242
Market Share %	25.71%	17.34%	8.23%	11.67%	9.81%	11.63%	10.68%
Disparity Ratio	3.12	2.11	1.00	1.19	1.00	1.00	0.92
Gila, Pinal							
Total Loans	143	1,478	7,365	3,913	6,668	3,147	2,409
Subprime Loans	48	360	918	694	1,005	563	445
Market Share %	33.57%	24.36%	12.46%	17.74%	15.07%	17.89%	18.47%
Disparity Ratio	2.69	1.95	1.00	1.18	1.00	1.00	1.03
Rural AZ							
Total Loans	191	2,174	9,505	2,283	11,506	3,822	2,866
Subprime Loans	57	543	1,188	476	1,839	682	535
Market Share %	29.84%	24.98%	12.50%	20.85%	15.98%	17.84%	18.67%
Disparity Ratio	2.39	2.00	1.00	1.30	1.00	1.00	1.05

Table 47: Table 3. Disparities in Denial Rates

Year	2004		2007	
	Denial Rate	Denial Disparity	Denial Rate	Denial Disparity
Cochise, Graham, Greenlee, Santa Cruz				
Whites	20.4%	1.00	25.2%	1.00
Hispanics	30.7%	1.51	39.5%	1.57
Native Americans	39.2%	1.92	43.8%	1.74
LMI Borrowers	38.9%	1.60	43.2%	1.44
MUI Borrowers	24.3%	1.00	29.9%	1.00
Male	25.7%	1.00	33.9%	1.00
Female	29.5%	1.15	36.2%	1.07
La Paz, Mohave, Yuma				
Whites	18.4%	1.00	26.5%	1.00
Hispanics	25.7%	1.40	28.4%	1.07
Native Americans	23.3%	1.27	28.7%	1.09
LMI Borrowers	33.0%	1.57	35.2%	1.31

MUI Borrowers	21.0%	1.00	26.9%	1.00
Male	22.2%	1.00	30.9%	1.00
Female	25.6%	1.15	30.6%	0.99
Apache, Navajo				
Whites	22.6%	1.00	28.7%	1.00
Hispanics	36.0%	1.59	34.5%	1.20
Native Americans	64.4%	2.85	60.8%	2.12
LMI Borrowers	43.9%	1.74	45.4%	1.48
MUI Borrowers	25.2%	1.00	30.6%	1.00
Male	26.5%	1.00	34.3%	1.00
Female	34.3%	1.29	37.4%	1.09
Coconino, Yavapai				
Whites	17.1%	1.00	22.6%	1.00
Hispanics	21.7%	1.27	30.7%	1.36
Native Americans	27.3%	1.60	40.5%	1.79
LMI Borrowers	29.1%	1.56	31.7%	1.38
MUI Borrowers	18.6%	1.00	22.9%	1.00
Male	20.4%	1.00	27.9%	1.00
Female	21.9%	1.07	25.2%	0.90
Gila, Pinal				
Whites	17.7%	1.00	26.4%	1.00
Hispanics	26.9%	1.52	35.4%	1.34
Native Americans	32.5%	1.84	51.4%	1.94
LMI Borrowers	27.5%	1.36	33.1%	1.13
MUI Borrowers	20.3%	1.00	29.3%	1.00
Male	22.0%	1.00	31.3%	1.00
Female	23.2%	1.05	30.7%	0.98
Rural AZ				
Whites	20.1%	1.00	26.8%	1.00
Hispanics	29.8%	1.48	38.7%	1.44
Native Americans	44.1%	2.19	51.7%	1.93
LMI Borrowers	37.1%	1.63	44.0%	1.48
MUI Borrowers	22.7%	1.00	29.7%	1.00
Male	24.2%	1.00	34.2%	1.00
Female	28.0%	1.16	36.1%	1.06
Arizona				
Whites	14.4%	1.00	22.5%	1.00
Hispanics	23.2%	1.61	34.7%	1.54
Native Americans	27.3%	1.89	38.6%	1.72
LMI Borrowers	25.5%	1.47	32.0%	1.24
MUI Borrowers	17.3%	1.00	25.8%	1.00
Male	19.0%	1.00	29.6%	1.00
Female	20.4%	1.07	27.9%	0.94

HUD Fair Housing Zoning and Land Use Questionnaire

FAIR HOUSING IMPEDIMENT STUDY Review of Public Policies and Practices (Zoning and Planning Codes)

Name of Jurisdiction: _____

Reviewing Agency: _____

Reviewer: _____

Date: _____

The Fair Housing Impediments Study reviews the Zoning and Planning Code and identifies land use and zoning regulations, practices and procedures that act as barriers to the development, the site and the use of housing for individuals with disabilities. The Study analyzes the Code and other documents related to land use and zoning decision-making provided by the participating jurisdiction. Additional information should be provided through interviews with Planning and Building and Safety Department staff and non-profit developers of special needs housing. In identifying impediments to housing for individuals with disabilities, the Study should distinguish between *regulatory* impediments based on specific Code provisions and *practice* impediments, which describe practices by the jurisdiction.

- Zoning Regulation Impediment: Does the Code definition of “family” have the effect of discriminating against unrelated individuals with disabilities who reside together in a congregate or group living arrangement? Yes ____ No ____
- Zoning Regulation Impediment: Is the Code definition of “disability” the same as the Fair Housing Act? Yes ____ No ____
- Practice Impediment: Are personal characteristics of the residents considered? Yes ____ No ____
- Practice Impediment: Does the zoning ordinance restrict housing opportunities for individuals with disabilities and mischaracterize such housing as a “boarding or rooming house” or “hotel”? Yes ____ No ____
- Practice Impediment: Does the zoning ordinance deny housing opportunities for disability individuals with on site housing supporting services? Yes ____ No ____

- Does the jurisdiction policy allow any number of unrelated persons to reside together, but restrict such occupancy, if the residents are disabled?
Yes ____ No ____
- Does the jurisdiction policy not allow disabled persons to make reasonable modifications or provide reasonable accommodation for disabled people who live in municipal-supplied or managed residential housing? Yes ____ No ____
- Does the jurisdiction require a public hearing to obtain public input for specific exceptions to zoning and land-use rules for disabled applicants and is the hearing only for disabled applicants rather than for all applicants? Yes ____ No ____
- Does the zoning ordinance address mixed uses? Yes ____ No ____
 - a. How are the residential land uses discussed?

 - b. What standards apply?

- Does the zoning ordinance describe any areas in this jurisdiction as exclusive?
Yes ____ No ____ Are there exclusions or discussions of limiting housing to any of the following groups? No ____ If yes, check all of the following that apply:
 Race ____ Color ____ Sex ____ Religion ____ Age ____ Disability ____
 Marital or Familial Status ____ Creed of National Origin ____
- Are there any restrictions for Senior Housing in the zoning ordinance? Yes ____ No ____
 If yes, do the restrictions comply with Federal law on housing for older persons (i.e., solely occupied by persons 62 years of age or older or at least one person 55 years of age and has significant facilities or services to meet the physical or social needs of older people)? Yes ____ No ____ If No, explain:

- Does the zoning ordinance contain any special provisions for making housing accessible to persons with disabilities? Yes ____ No ____
- Does the zoning ordinance establish occupancy standards or maximum occupancy limits? Yes ____ No ____ Do the restrictions exceed those imposed by state law? Yes ____ No ____ N/A ____

- Does the zoning ordinance include a discussion of fair housing?
Yes ___ No ___ If yes, how does the jurisdiction propose to further fair housing?

- Describe the minimum standards and amenities required by the ordinance for a multiple family project with respect to handicap parking.

- Does the zoning code distinguish senior citizen housing from other single family residential and multifamily residential uses by the application of a conditional use permit (cup).? Yes ___ No ___

- Does the zoning code distinguish handicapped housing from other single family residential and multifamily residential uses by the application of a conditional use permit (cup).? Yes ___ No ___

- How are “special group residential housing” defined in the jurisdiction zoning code? _____

- Does the jurisdiction’s planning and building codes presently make specific reference to the accessibility requirements contained in the 1988 amendment to the Fair Housing

Act? Yes ____ No ____ . Is there any provision for monitoring compliance? Yes ____ No ____

The jurisdiction should conduct a study of new housing construction over the last ten years to review compliance with the accessibility guidelines contained in the Fair Housing Act.

