

State of Arizona

Analysis of Impediments to Fair Housing Choice

2020



Table of Contents

Introduction and Executive Summary	1
Purpose and Methodology	2
2020 Impediments to Fair Housing Choice.....	3
Fair Housing Legal Status.....	4
History of Fair Housing Legislation	4
Fair Housing Improvement Act of 2018.....	4
Fair Housing Legislation and Policies	4
Arizona Fair Housing Law and Enforcement.....	4
Lesbian, Gay, Bisexual, Transgender, Questioning (LGBTQ) Protection.....	5
Reconsideration of HUD’s Implementation of the Fair Housing Act’s Disparate Impact Standard.....	6
Criminal Background Screening	7
Accessible Housing Regulations.....	7
The Dodd-Frank Wall Street Reform and Consumer Protection Act.....	8
Fair Housing Discrimination Lawsuit.....	8
Geography and Climate	9
Colonias.....	10
Racial and Ethnic History	10
Socio-economic Profile	15
Population.....	16
Age of the Population	17
Racial and Ethnic Composition	18
Primary Language Spoken at Home.....	19
Access to Broadband.....	19
Persons with Disabilities	20
Poverty and Disability	20
Educational Attainment.....	21

Educational Attainment by Race and Ethnicity	21
Educational Attainment and Earnings	22
Access to High-Quality K-12 Education.....	22
Household Characteristics	23
Income and Employment.....	24
Median Household Income.....	24
Median Household Income by Race and Ethnicity	25
Median Household Income by Family Type.....	25
Low-and-Moderate Income Households	26
Poverty	27
Poverty and Race/Ethnicity.....	28
Poverty and Household Type	28
Concentrated Poverty.....	29
Employment.....	30
Employment by Industry.....	31
Occupation by Industry.....	32
Race, Ethnicity and Occupation	32
Median Annual Wages by Occupation.....	33
Housing Profile	34
Tenure	34
Tenure and Race / Ethnicity.....	35
Tenure and Household Income.....	35
Occupancy and Vacancy	36
Seasonal Vacancy.....	36
Housing Variety.....	37
Tenure by Housing Type	38
Building Permits	38
Housing Quality.....	39
Year Built.....	39
Tenure by Year Built.....	40

Overcrowding.....	40
Housing Affordability	41
Owner-occupied Housing Value	41
Median Monthly Gross Rents	42
Housing Cost Burden.....	43
Owner Cost Burden.....	43
Renter Cost Burden.....	44
Mobility.....	45
Mobility by Race and Ethnicity nonmetro Arizona 2017	45
Geographic Concentrations	46
Minority Concentration Area Maps.....	47
Racially/Ethnically Concentrated Areas of Poverty	47
Hispanic Concentration Map	48
Minority Concentration Map	49
Community and Stakeholder Engagement.....	50
Survey.....	50
Experience of Housing Discrimination	50
Prevalence of and Types of Housing Discrimination	50
Knowledge of Fair Housing Laws	51
Affordable Housing Supply and Barriers to Housing Choice	51
Interviews.....	52
Barriers to Housing Choice	52
State Actions to Mitigate Barriers to Housing Choice	54
Fair Housing Education	55
Property Managers Discussion	55
Public Meetings.....	56
Assessment of Current and Private Fair Housing Activities	57
HUD Complaint Data.....	57

Fair Housing Complaints Originating in Arizona Balance of State January 1, 2015- July 18, 2019	57
HUD Complaint Disposition Data	58
Disposition of Fair Housing Complaints in Arizona Balance of State from 01/01/15 to 07/18/19	58
Southwest Fair Housing Council Fair Housing Testing	59
SWFHC Fair Housing Testing Results nonmetro Arizona (January 1, 2016 – December 31, 2018).....	59
Southwest Fair Housing Council Inquiries	60
SWFHC Nonmetro Arizona Inquiries by Protected Class January 1, 2016 through December 31, 2018.....	60
Home Mortgage Disclosure Act Data	61
Loan Originations	61
Home Purchase	62
Loan Originations by Race and Ethnicity	62
Refinancing.....	63
Loan Originations by Race and Ethnicity	63
Loan Denials	63
Home Purchase Loan Denial Reasons	63
Loan Denials by Race and Ethnicity	64
Refinancing.....	64
Refinancing Loan Denial Reasons	64
Loan Denials by Race and Ethnicity	65
High-cost Loan Originations.....	66
High-cost Loans by Loan Type.....	66
High-cost Loans by Housing Type	67
Home Purchase	67
High-cost Home Purchase Loans by Race and Ethnicity	67
Refinancing.....	68
High-cost Refinancing Loans by Race and Ethnicity	68
Loan Denials and High-cost Loan Originations by Gender	69

Home Purchase Loans.....	69
Refinancing Loans	69
Loan Denials and High-cost Loan Originations by Income	70
The Role of the Secondary Market	70
Manufactured Housing Lending	71
New Fannie Mae and Freddie Mac Manufactured Housing Financing Opportunities.....	72
Lending on Tribal Lands	73
Public Policies and Practices	73
State-managed HUD CPD Program Policies and Practices	74
Housing and Services for Special Populations	77
State Laws and Regulations	77
Residential Landlord and Tenant Acts	77
Planning, Zoning and Building Codes.....	78
Not in My Backyard (NIMBY) Syndrome.....	80
Private Property Rights Act of 2006 (ARS 12-1134).....	80
Senate Bill 1072	80
Property Taxation	81
Insurance.....	81
Real Estate Licensing.....	82
Financial Institutions.....	82
Indicators of Fair Housing Impediments.....	82
Socio-economic and Housing Market Indicators.....	83
Geographic Concentrations	86
Lending (Home Mortgage Disclosure Act) Analysis	86
Public Policies and Practices	87
Community Outreach.....	87
Fair Housing Complaints, Testing and Inquiries	89
2015 Fair Housing Action Plan Review	90

2020 Impediments to Fair Housing Choice and Plan of Action. 93

Impediment # 1 - Housing Discrimination 94
Impediment #2 –Education and Awareness 95
Impediment #3 – Geographic Concentrations..... 98
Impediment #4 – Lending Discrimination..... 99
Impediment #5 – Availability of Quality Affordable Housing..... 100

Appendix 1 - Survey Questions 103

Appendix 2 – Interview Questions..... 109

Introduction and Executive Summary

The Analysis of Impediments to Fair Housing Choice (AI) is part of the State of Arizona's requirement to affirmatively further Fair Housing and receive funding from the US Department of Housing and Urban Development (HUD) Office of Community Planning and Development. The AI is completed every five years in coordination with the Consolidated Planning process.

The results of the AI are used to develop a Fair Housing Action Plan with measurable actions to mitigate the effects of any identified impediments. The State must then implement the action plan and maintain records of the actions they have taken.

This Analysis of Impediments to Fair Housing Choice:

1. Analyzes the current state of fair housing;
2. Identifies both new and ongoing impediments to fair housing in areas of Arizona that do not receive direct CDBG from HUD and are not on Indian Reservations, where the Fair Housing Act does not apply;
3. Evaluates the efficacy of the 2015 Fair Housing Action Plan; and
4. Develops a new Action Plan to address the identified impediments.

In July 2015, HUD published an Assessment of Fair Housing (AFH) regulation with the intent to better equip State government with the data and tools to help them meet their obligation to affirmatively further fair housing in their use of HUD funds. In May 2018, HUD suspended the requirement to complete an AFH pending review of the tools. As a result of the AFH suspension, this AI follows HUD's Fair Housing Planning Guidance. Should HUD lift the suspension on the AFH tool, future assessments will follow the new guidelines.

What are Impediments to Fair Housing Choice?

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.

Purpose and Methodology

The State of Arizona is committed to providing quality affordable housing opportunities for low-and-moderate income individuals and families regardless of race, color, religion, sex, national origin, familial status or disability. Central to the State’s vision for affordable housing is the goal of removing fair housing obstacles that impede individuals and families from accessing the affordable housing of their choice.

The Arizona Department of Housing (ADOH) contracted with Kuehl Enterprises LLC to develop this AI. The methodology used to complete the AI included a focus group, a public and stakeholder survey, a public meeting, interviews, and the collection and analysis of data and information from numerous sources including the US Census, the Consumer Financial Protection Bureau and other public and private agencies including the Southwest Fair Housing Council, HUD, and the ADOH.

Data in this AI examines statewide, Arizona Balance of State and Nonmetro areas to the extent data is available.

- Statewide data includes Arizona’s 15 counties, and all cities and towns regardless of their status as a CDBG entitlement community or urban county.
- Balance of State data excludes areas that receive direct CDBG funding from HUD. These areas are called “entitlement communities” and “urban counties”. Entitlement communities include the Cities of Douglas, Sierra Vista, Yuma, Casa Grande, Lake Havasu City, Prescott and Flagstaff. Urban counties include Maricopa and Pima Counties and the unincorporated areas of Pinal county. Because the Fair Housing Act does not apply on tribal lands, Indian Reservations are also excluded from some Balance of State data calculations.
- Nonmetro data refers to the thirteen counties outside of Maricopa and Pima counties. Five of the thirteen nonmetro counties – Cochise, Coconino, Mohave, Yavapai and Yuma include entitlement communities, and Pinal county is an urban county entitlement. Nonmetro data captures the entire county including entitlement communities, urban county and Indian Reservations



2020 Impediments to Fair Housing Choice

The 2020 Analysis of Impediments to Fair Housing Choice identified five (5) impediments:

1. **Housing Discrimination.** A statewide survey, interviews with industry stakeholders and fair housing testing, complaint and inquiry data indicate housing discrimination occurs. Support and awareness will aid in identifying and addressing housing discrimination.
2. **Education and Awareness.** A statewide survey, interviews with industry stakeholders, a focus group and public meeting, and fair housing testing and complaint data indicate there is a need for more outreach and education. Continued and expanded education efforts will increase understanding of fair housing and the likelihood of it being reported, increase awareness of disability discrimination and reasonable accommodation, and increase understanding of how local zoning and codes may negatively impact protected classes, and Not in My Backyard (NIMBY).
3. **Geographic Concentrations.** While Arizona is becoming more racially and ethnically diverse, concentrations of minority households exist. Socio-economic and housing market conditions impact low-income households, 34% of which are headed by a racial or ethnic minority, limiting housing choice and access to opportunity. Program and project policies have the potential to expand housing choice and economic opportunity.
4. **Lending Discrimination.** Minority, female and lower-income loan applicants experience higher rates of loan denial. Minority and female loan applicants are also more likely to receive high-cost loans. Education targeted to minority, female and low-income borrowers will increase understanding of the credit market.
5. **Availability and Access to Quality Affordable Housing.** Interviews, surveys and data analysis indicate a lack of access to and capacity to develop quality affordable housing in the Arizona Balance of State. Continued investment in housing quality, variety and affordability will increase housing opportunities for Arizonans.



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 was added as a protected class in 1974. In 1988, the Fair Housing Amendments Act (FHAA) added familial status and disability (referred to as "handicapped" in the FHAA), creating seven "protected classes" of individuals. The familial status provision protects households with children under 18 years of age. Disability covers physical and mental disabilities, individuals who are perceived as having a disability, persons with HIV/AIDS and persons recovering from substance abuse.

Fair Housing Improvement Act of 2018

Senators Orrin Hatch (R-UT) and Tim Kaine (D-VA) introduced the "Fair Housing Improvement Act of 2018" on November 13, 2018. The bill aims to protect low income families and Veterans from housing discrimination. Source of income protections would include Section 8 Housing Choice Vouchers and any form of Federal, State or local housing assistance provided to a family or to a housing owner on behalf of a family, including rental vouchers, rental assistance and rental subsidies from nongovernmental organizations. Source of income would include Social Security benefits and Supplemental Security Income benefits, income received by court order such as spousal or child support, any payment from a trust, guardian or conservator and any other lawful source of income. The bill defines Veteran status to mean a member of uniformed services or a Veteran.

Fair Housing Legislation and Policies

Arizona Fair Housing Law and Enforcement

The Arizona Fair Housing Act of 1991 (ARS § 41.1491) provides the same substantive protections as the Federal Fair Housing Act; however, it provides different procedures for the administrative complaint filing process.

Because the Arizona Fair Housing Act is essentially the same as the Federal Fair Housing Act, the State's law is federally designated as "substantially equivalent." As a result, under the Federal Fair Housing Assistance Program (FHAP), HUD contracts with the Arizona Attorney General's Civil Rights Division to investigate and rule on fair housing cases on its behalf. The vast majority of complainants in Arizona choose to file their complaints through HUD, the Arizona Attorney General's Office or the Southwest Fair Housing Council (SWFHC).



Lesbian, Gay, Bisexual, Transgender, Questioning (LGBTQ) Protection

On September 21, 2016, HUD published a final rule in the Federal Register entitled "Equal Access in Accordance with an Individual's Gender Identity in Community Planning and Development Programs." Through this final rule, HUD ensures equal access to individuals in accordance with their gender identity in programs and shelters funded under the programs administered by HUD's Office of Community Planning and Development (CPD). This rule builds on HUD's February 2012 "Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity" final rule, also known as the 2012 Equal Access Rule.

The 2012 Equal Access Rule aimed to ensure that HUD's housing programs would be open to all eligible individuals and families regardless of sexual orientation, gender identity, or marital status. The 2016 rule requires that housing eligibility be determined regardless of sexual orientation, gender identity or marital status; prohibits discrimination based on conformance with gender or sex stereotypes; grants equal access to programs and facilities consistent with gender identity and provides the individual's family equal access; prohibits asking for anatomical information or documents (such as ID), physical, or medical evidence of gender identity; and requires that non-discriminatory steps be taken when necessary and appropriate to address privacy concerns raised by individuals or other residents or occupants.

The 2016 rule also clarified HUD's definitions of sexual orientation, gender identity and perceived gender identity:

1. Sexual orientation means one's emotional or physical attraction to the same and/or opposite sex (e.g. homosexuality, heterosexuality, or bisexuality).
2. Gender identity means the gender with which a person identifies, regardless of the sex assigned to that person at birth and regardless of the person's perceived gender identity.
3. Perceived gender identity means the gender with which a person is perceived to identify based on that person's appearance, behavior, expression, other gender related characteristics, or sex assigned to the individual at birth or identified in documents.

On June 26, 2015 the US Supreme Court ruled that same-sex couples can marry nationwide, leading to increased housing transactions among same-sex couples and contributing to continuing legal actions to clarify the extent to which the Fair Housing Act offers protections based on gender identity and sexual orientation. Conflicting rulings in different federal circuits over the past several years may mean that the US Supreme Court will eventually decide whether the Fair Housing Act protects LGBTQ individuals from housing discrimination.



In its Spring 2019 unified regulatory agenda, HUD announced a proposed rule that would allow shelter providers to consider an individual's sex assigned at birth, rather than their gender identity, in determining accommodation within shelters and whether to admit an individual to the shelter. On March, 10, 2019, HUD also withdrew a Federal Register notice of proposed information collection regarding a proposed requirement to post notifications about equal access regardless of sexual orientation, gender identify or marital status at shelters, housing or facilities funded by HUD CPD programs. As a result, future protections for LGBTQ individuals in HUD CPD programs remains uncertain.

Reconsideration of HUD's Implementation of the Fair Housing Act's Disparate Impact Standard

The 2013 "Disparate Impact Rule" codified HUD's interpretation that the Fair Housing Act creates liability for practices that have an unjustified discriminatory effect, even if those practices were not motivated by discriminatory intent. Under the 2013 HUD Regulations, there is a three-part burden shifting framework. The complaining party must first demonstrate that the challenged practice caused or predictably will cause a discriminatory effect. The burden then shifts to the defending party to prove that the challenged practice is necessary to achieve one or more "substantial, legitimate, nondiscriminatory interests". If the defending party satisfies this burden of proof, the burden then shifts back to the complaining party to prove that the "substantial, legitimate, nondiscriminatory interest" could be accomplished through a practice that has a less discriminatory effect.

A 2015 Supreme Court decision in the Texas Department of Housing and Community Affairs vs. Inclusive Communities Project, Inc. held that disparate impact claims are cognizable (could be judicially heard) under the Fair Housing Act and clarified the standards for and constitutional limitations of disparate impact claims. The Supreme Court affirmed disparate impact liability, and also imposed a significantly higher burden on the party making the claim, requiring that the claimant would need to "produce statistical evidence demonstrating a causal connection" between the policy and discriminatory effect.

A policy would cause disparate impact if it constituted an "artificial, arbitrary and unnecessary" barrier to fair housing.

US Supreme Court

On June 20, 2018 HUD published in the Federal Register (FR-6111-A-01) an advance notice of proposed rulemaking to invite public comment on possible amendments to HUD's 2013 final rule implementing the Fair Housing Act's disparate impact standard, as well as the 2016 supplement to HUD's responses to certain insurance industry comments made during the



rulemaking. HUD is reviewing the final rule and supplement to determine what changes, if any, are appropriate following the Supreme Court's ruling. The review is also in response to a Department of Treasury October 2017 report recommending that HUD reconsider the disparate impact rule as it relates to the insurance industry.

Ultimately, the final Disparate Impact rule could impact the housing industry in numerous ways by clarifying policies related to the allocation of funds to housing projects, project decision making, mortgage lending, zoning and ordinance decisions, preferences for certain people in housing programs or projects, insurance, and criminal background screening.

Criminal Background Screening

Citing national statistics that racial and ethnic minorities face disproportionately high rates of arrest and incarceration, HUD clarified that it has grounds to investigate complaints based on criminal history policies. On April 4, 2016 The HUD Office of General Counsel issued guidance on the application of Fair Housing Act Standards to the use of criminal records by providers of housing and real estate-related transactions. This guidance reminded housing providers and others involved in real estate transactions that while having a criminal record is not a protected characteristic under the Fair Housing Act, criminal history-based restrictions on housing opportunities violate the Act if, without justification, their burden falls more often on persons of one race or national origin over another. Additionally, the guidance reminded the industry that intentional discrimination in violation of the Act occurs if a housing provider treats individuals with comparable criminal history differently because of their race, national origin or other protected characteristic.

Prior to the guidance issued by HUD's Office of General Counsel, HUD issued PIH Notice 2015-19 to Public Housing Agencies (PHAs) and Owners of Federally-Assisted Housing on Excluding the Use of Arrest Records in Housing Decisions. This guidance clarified HUD's position on using arrest records in the admission and termination processes, HUD's position on "one-strike" policies, the due process rights of applicants and tenants, and provided examples of policies that would help to ensure that admissions and occupancy requirements comply with Civil Rights laws.

Accessible Housing Regulations

Incorporating accessibility features into new construction can help ensure that persons with disabilities who are unaware of their right to request a reasonable modification or accommodation still benefit from accessible design. Accessibility features can help prevent housing discrimination on the basis of disability, reduce fair housing complaints that commonly arise from requests for modifications as a reasonable accommodation for a disability, and can



significantly reduce the cost of future retrofit. Arizona Revised Statutes authorize cities, towns and counties to establish zoning and building codes that govern how land and buildings may be developed.

The Dodd-Frank Wall Street Reform and Consumer Protection Act

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), is legislation signed into law by President Barack Obama in 2010 in response to the financial crisis that became known as the Great Recession. Dodd-Frank put regulations on the financial industry and created programs to stop mortgage companies and lenders from taking advantage of consumers. Dodd-Frank created the Consumer Financial Protection Bureau, which among other responsibilities, oversees the enforcement of federal laws intended to ensure fair, equitable and nondiscriminatory access to credit for individuals and communities. Dodd-Frank reformed mortgages in the following ways:

- Requires lenders ensure a borrower's ability to repay.
- Prohibits unfair lending practices, including financial incentives for subprime loans that encourage lenders to steer borrowers into more costly loans, including the bonuses known as "yield spread premiums" that lenders pay to brokers to inflate the cost of loans.
- Establishes penalties for irresponsible lending and prohibits pre-payment penalties that trap borrowers in loans.
- Expands consumer protections for high-cost mortgages, lowering the interest rate and the points and fee triggers that define high cost loans.
- Requires additional disclosures for consumers on mortgages, including the maximum a borrower could pay on a variable rate mortgage.

Fair Housing Discrimination Lawsuit

On April 18, 2017, the court in *United States v. Town of Colorado City* found that the Town of Colorado City, Arizona and the City of Hildale, Utah engaged in a decades-long pattern of police misconduct and housing discrimination. The suit was the first by the Department of Justice under both the Fair Housing Act and the Violent Crime Control and Law Enforcement Act. The Town was required by the court order to revise numerous municipal policies and procedures and subdivide the land in Colorado City. The court appointed a monitor to track compliance and report to the Department of Justice and the court. Nine aggrieved persons were awarded \$1.43 million in damages under the Fair Housing Act based on the jury's finding that the joint water company systematically discriminated on the basis of religion.



Geography and Climate

Arizona covers 113,594 square miles, and contains 15 counties and 91 cities and towns that have been shaped by Arizona's unique climate, and geographic, historical, and demographic characteristics. Arizona's diverse climate and geography can yield both the highest and lowest temperatures in the country within the same day.

Geographically, Arizona is the 6th largest state in the U.S. and contains three of the nation's largest counties. Coconino county is the second largest county in the nation covering over 18,660 square miles. Mohave (13,470 sq. miles) and Apache (11,218 sq. miles) counties rank as the 5th and 6th largest counties in the U.S. respectively. Arizona's population density is 64 people per square mile, including more densely populated urban areas.

Northern Arizona is characterized by dry sweeping plains, river carved valleys, the Grand Canyon, and forested mountain peaks. Humphrey's Peak, near Flagstaff and south of the Grand Canyon is the highest point in the state at 12,655 feet. The fringe of the Colorado Plateau lies at 4,000 feet above sea level and extends from the northern border of Arizona down to the Mogollon Rim. Along the Little Colorado River, running across the Plateau towards the Colorado River, 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.

Southern Arizona follows the US-Mexican border. The border stretches 389 miles and spans three counties containing 6 border crossings. Desert basins are broken up by mountains with rocky peaks extending northwest to southeast across central Arizona. The Gila River, a major tributary of the Colorado, flows west across the entire state with desert plains separated by mountain chains running north and south. 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.

Precipitation in most of Arizona is low and massive irrigation projects opened Arizona for extensive development and economic expansion in the early 1900s. These projects sustain the current population and support growth and economic activity. 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. The Hoover, Glen Canyon, Davis, 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, Pinal county, and Tucson via canal.



Colonias

The US Department of Housing and Urban Development and the US Department of Agriculture Rural Development both define colonias as rural communities within 150 miles of the US-Mexico border region that lack adequate water, sewer, or decent housing, or a combination of all three. Colonias may be part of a municipality or located in an unincorporated area. The average income of people living in colonias is \$5,000 per year. Eighty-five percent (85%) of colonias residents are U.S. citizens and 97% are Hispanic. The motivation to improve the lives of colonias residents has led to a variety of projects that combine funding from multiple federal and non-federal sources as well as local resources.

The National Affordable Housing Act of 1990 (as amended) called for the border states of Arizona, California, New Mexico and Texas to set aside at least 10% of their annual CDBG allocation for use in colonias. The ADOH accepts colonias set-aside applications annually to address the potable water, sewer system and decent, safe and sanitary housing needs of colonias residents. Communities, counties or tribes wishing to obtain funding for colonia set aside projects must first complete a certification process. The Arizona Department of Housing has designated 65 colonias.

Racial and Ethnic History

The last of the 48 coterminous United States to be admitted to the union, Arizona achieved statehood on February 14, 1912. Originally part of New Mexico, the land was ceded to the United States in 1848, and became a separate territory in 1863. With the formation of the Arizona Territory, the capital was established in Prescott. The capital was later moved to Tucson, back to Prescott, and then to its final location in Phoenix as different regions of the territory gained and lost political influence¹.

Today's social, political, and economic realities were shaped by public policy decisions and private sector actions over the course of Arizona's history.

The US Congress initially rejected Arizona's progressive state constitution, which included initiative, referendum, recall, direct election of senators, women's suffrage, and other reforms. After becoming a state, residents added back many of originally-rejected provisions. As a result,

¹ Arroyo Rodriguez, Nadine (2014-09-26). "[Did You Know: Capital Of Arizona Moved 4 Times Before Settling In Phoenix](#)". *kjzz*. Retrieved July 29, 2019.



women in Arizona gained suffrage eight years before the country as a whole². While progressive in terms of suffrage, the Arizona Enabling Act of 1910 established that education shall always be conducted in English. The Act also established the ability to read, write, speak and understand the English language sufficiently well to conduct the duties of the office without the aid of an interpreter as a necessary qualification for all state officers and members of the state legislature.

Native Americans' unique spiritual, cultural and economic richness have influenced Arizona for at least the last 12,000 years. Arizona's earliest inhabitants settled into villages throughout Arizona, giving formation to many of today's tribes. Oraibi, a Hopi Indian village dating back to at least 1150 AD, is believed to be the oldest continuously inhabited settlement in the United States³. Today, 22 sovereign American Indian communities reside in Arizona and Arizona has the greatest percentage of its acreage designated as Indian tribal land in the United States.

The history of Arizona as recorded by Europeans began in 1539 with the first documented exploration of the area by Spaniard Marcos de Niza, followed by Francisco Vasquez de Coronado. In the 18th Century, the Spanish came back to Arizona and developed settlements and missions. These events laid the groundwork for a Hispanic culture in Arizona that was distinct from Native American culture, and, to an extent, in competition and conflict with it⁴. While Mexican ranchers attempted settlement in Arizona, conflict with Native Americans resulted in many leaving the area.

Throughout the 20th century into the present, Latin American immigration to the United States has influenced Arizona's culture and policies. Early 20th Century immigration was largely fueled by agricultural expansion. Poor working conditions and

Arizona's shared border with Mexico has influenced Arizona's culture, policies, economy and development.

lack of legal rights lead to generational poverty and dependency for many Latin American agricultural workers and their families. Cesar Chavez, a leader in improving the lives of farm workers nationally, was born in Yuma, Arizona in 1927. He was the son of farm workers who worked in Arizona and California and was exposed early on to the conditions and injustice faced regularly by farm workers. In 1962, he founded the United Farm Workers, leading peaceful protests and promoting significant legal reforms. The United Farm Workers continue to be activists for Latin American, labor and immigration causes⁵.

² Cindy Hayostek, "Douglas Delegates to the 1910 Constitutional Convention and Arizona's Progressive Heritage," *Journal of Arizona History* 2006 47(4): 347-366

³ www. History.com/topics/us-states/Arizona. Access date August 29, 2019.

⁴ Moon Handbooks: Arizona

⁵ Ufw.org



Migration into the United States from Mexico has historically been driven by economic disparities and the need for labor in the U.S. Some of the attitudes expressed in cases of housing discrimination have been the result of stereotypes etched by the fear of terrorism, immigration controls, and policies that many believe are not restrictive enough.

Much of the growth in Arizona's Hispanic population came from migration in the 1990s. Young adults crossed the border seeking jobs in construction and the service sector after the 1994 North American Free Trade Agreement, or NAFTA, cut into the profitability of Mexican agriculture. Arizona appealed to the migrants because of California and Texas border blockades⁶.

Twenty-one percent (21%) of Arizona's population speaks Spanish as a primary language in their homes, with 34% of Spanish speakers not speaking English well at all. English remains the "official language" of Arizona. State law requires English-only instruction in public K-12 classrooms, with English language learners brought up to speed in self-contained language classes. The law does not stipulate that English be used outside of instructional time or in extracurricular activities. In February 2019, SB1014 was signed into law to allow public schools and teachers of English Language Learner students more flexibility to develop instructional models that best fit the needs of their communities. SB1014 eliminates the rigid 4-hour state-mandated block of English-language instruction that segregated non-English speakers from English speakers, and provides for locally-developed models that meet Arizona's strict English curriculum requirements. In 2018, HB2083 was signed into law, mandating that the English-language version of an insurance policy that is translated into a language other than English will control in any disputes regarding the contents of the policy as long as the cover page of the policy contains a specified disclaimer.

Arizona's controversial SB1070, enacted in 2010 confused many landlords about whether it was legal to rent to undocumented immigrants, most of whom are Hispanic. While SB1070 has been largely dismantled, illegal immigrants are not authorized to work in Arizona under the Legal Arizona Workers Act, and Arizona prohibits state schools from offering in-state tuition benefits to illegal immigrants.

In 2017, White non-Hispanic people were 57.6% of Arizona's population. European settlement increased throughout the 1800s spurred by the expansion of mining, agriculture, the railway, and manufacturing in Arizona. The Mormon presence in Arizona increased between the 1840s and 1950s, with a large migration in the 1870s into what are now Apache and Navajo counties;

⁶ <https://www.helios.org/blog/part-i-arizona%E2%80%99s-changing-demographics-and-the-academic-divide>



Arizona continues to have communities with a strong largely-White Mormon presence. Dramatic growth came after 1945, when mostly-White retirees from the snowbelt began flocking to Arizona attracted by the warm weather and low cost of living. Most of these retirees settled in the Phoenix area and Phoenix became one of the fastest growing cities in the US.

Arizona's Black/African American (4.5%) and Asian (3.2%) populations are relatively small. Asian migration to Arizona began when Chinese immigrants arrived in the mid-1800s seeking work as miners, railway workers, agricultural laborers, fisherman, and in manufacturing plants⁷. Tucson was the center of the railroad industry and Chinese generally lived south and west of the railroad tracks in the same areas as Mexican Americans. Two relocation camps were opened for Japanese Americans brought in from the west coast during World War II. One camp in in Gila River had a peak population of 13,348, and one in Poston along the Colorado River that had a peak population of 17,814⁸. Ninety percent of the population at the Gila River camp answered the loyalty questionnaire positively and were allowed to the leave the camps. Still others enlisted in the US military.

As historic census data shows, there were very few African Americans in Arizona from 1840 to 1880. The increase in the African American population from 26 in 1840 to 115 in 1880 likely reflects the steady increase in economic opportunities because of the arrival of the railroad, a copper mine strike in Jerome and the increase in sheep and cattle ranching. By 1890, African American military troops had arrived. The largely African American Companies I and M of the 10th Cavalry protected copper mining and ranching operations and helped subjugate the tribes. From 1883-1885, they occupied Camp Verde, located on the Verde River 50 miles east of Jerome, and Fort Whipple in Prescott. After being released from the military, some African Americans chose to remain in Arizona, yet the population of African Americans remains relatively small today⁹.



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

⁷ Rhonda Tintie "A History of Chinese Immigration into Arizona Territory: A Frontier Culture in the American West", Graduate Dissertation

⁸ www.pbs.org/childofcamp/history/camps. Access date June 29, 2019.

⁹ www.williamsnews.com/2016/dec/27/african-american-pioneers-contributed-northern-ari/

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 that permitted 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.

In the 1930s, African Americans were not allowed to go north of Van Buren Street in Phoenix¹⁰. There were multiple “sundown” towns in Arizona, where if African Americans were seen on the streets after dark, they ran the risk of being physically harmed or arrested as they were not allowed outside. Sundown towns and suburbs in Arizona likely included Bisbee, Duncan, Globe, Kingman, Prescott, Scottsdale, Sun City and Youngtown¹¹.

Construction of military bases in Arizona during World War II was a national priority because of the state's excellent flying weather and clear skies, large amounts of unoccupied land, good railroads, cheap labor, low taxes, and proximity to California's aviation industry. Fort Huachuca in Cochise county became one of the largest nearly-all-black Army forts, with quarters for 1,300 officers and 24,000 enlisted soldiers. Today, there remain larger black populations in Arizona communities with military bases, including Sierra Vista, Yuma and the metro Phoenix area.

¹⁰ www.azfamily.com/archivs/a-look-back-at-black-history-and-segregation-in-phoneix/

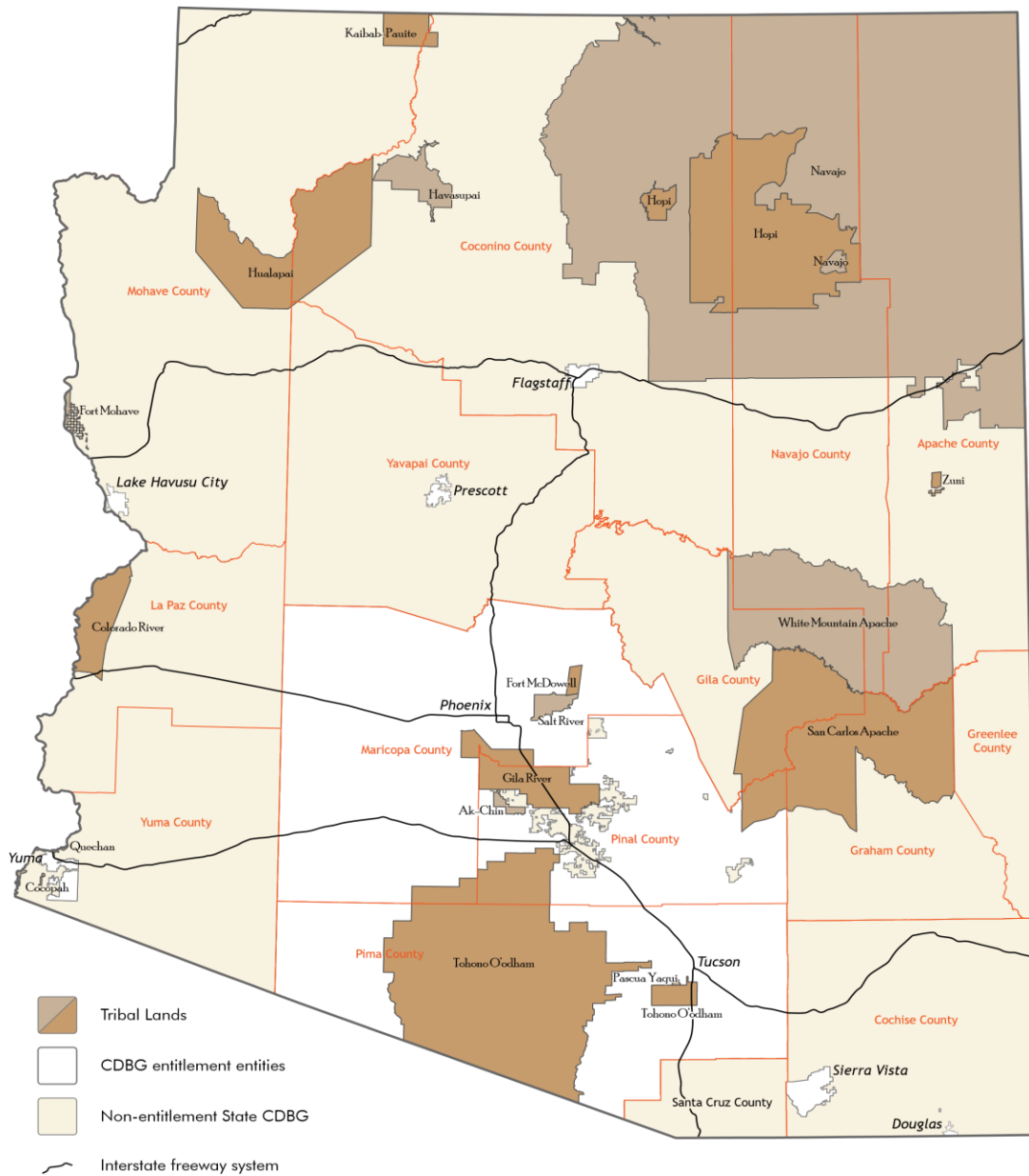
¹¹ <https://sundown.tougaloo.edu/sundowntownsshow.php?state=AZ>



Socio-economic Profile

Local population and economic data can profoundly affect how important decisions are made. Demographic data provides information needed to plan future investments and services. It helps determine how Federal and State funds are allocated, who gets Federal or State aid, where and to whom assistance programs are targeted, and where businesses locate.

Data alone cannot determine program or policy solutions, but it can inform the strategy to improve fair housing and access to opportunity.

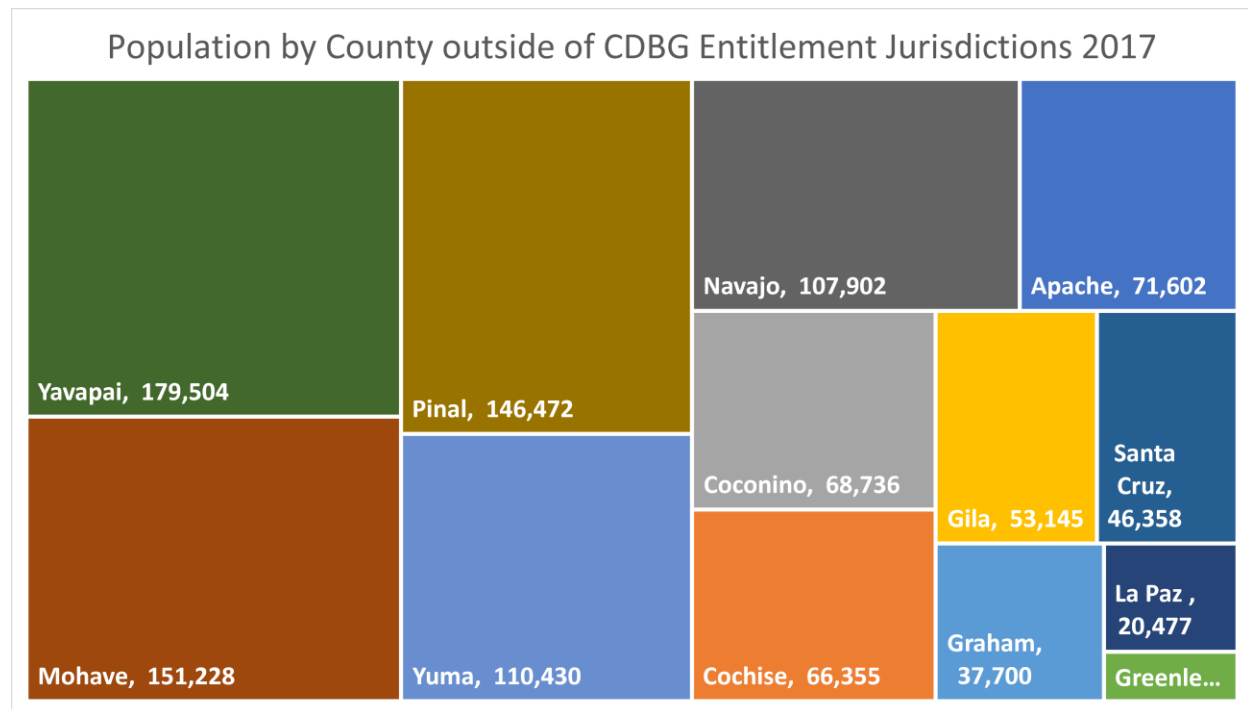


Population

The first US Census in Arizona took place in 1920. At that time, the Arizona population was 334,162, with slightly more than one quarter (26.8%) of the population residing in Maricopa county; Cochise county was the second most populous county with 13.9% of the state’s residents. Between 1940 and 1980, the Arizona population quadrupled, with 80% of the population growth taking place in Maricopa and Pima counties. Arizona’s population doubled between 1980 and 2017, with 63.5% of the growth in Maricopa county.

While Maricopa county now has 65% of Arizona’s population, many nonmetro counties experienced explosive growth between 1980 and 2017. The populations of Pinal and Mohave counties were 3.6 times larger in 2017 than in 1980, primarily due to growth during the housing boom of the early 2000s. And the population of Yavapai county increased three-fold, primarily due to its attraction as a retirement area.

In 2017, the State of Arizona population was 6,809,946. Sixteen percent (16%) of the State’s population, or 1,069,277 people live in nonmetro Arizona. Nearly half (45%) of the State’s nonmetro population resides in the non-entitled areas of Yavapai, Mohave and Pinal Counties.



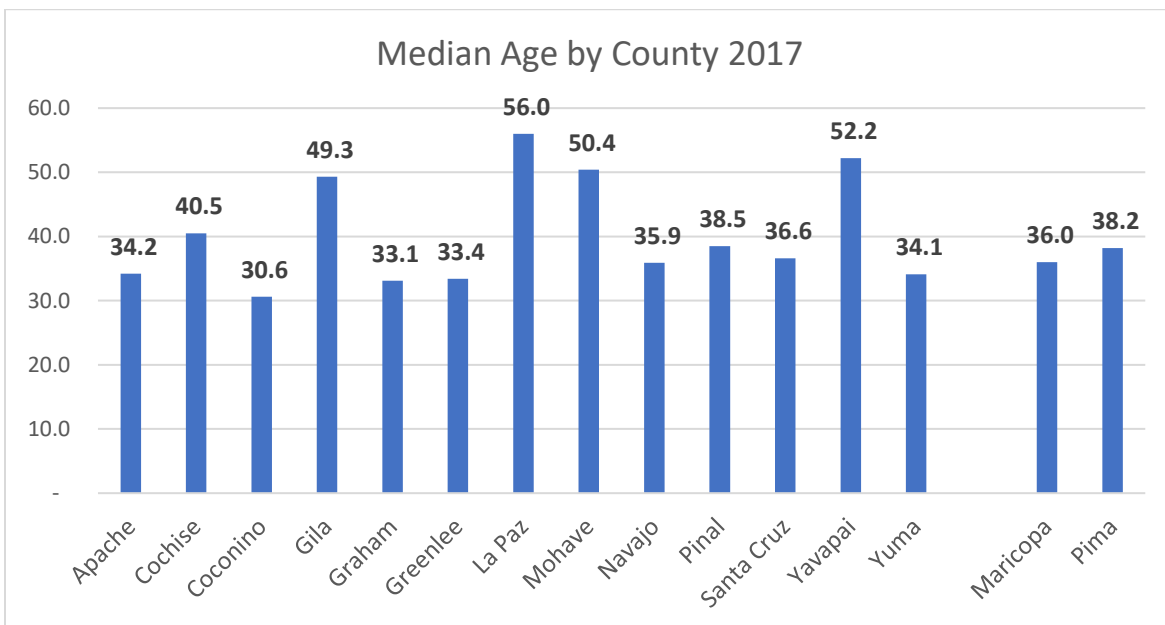
Age of the Population

Understanding a population's age composition highlights future social and economic challenges.

The US Census Bureau projects that by 2035 for the first time in US history, more of the population will be over the age of 65 than under¹². An older population means slower natural population growth and increasing racial and ethnic diversity as in-migration becomes the primary driver of population growth. An older population also means higher rates of disability.

Arizona ranks 10th in the U.S. for population age 65 and older and 12th in the U.S. for population age 18 and under. More than one-third (37%) of La Paz county's population is over the age of 65, followed by Gila, Mohave, and Yavapai counties at 27%. Conversely, more than half of the population in Apache, Graham and Greenlee counties is age 19 or younger.

Counties with larger Hispanic and Native American populations have the lowest median age. Apache, Coconino and Navajo counties have large Native American populations, and Santa Cruz and Yuma counties have large Hispanic populations. Yet according to the US Census Bureau, from 2010 to 2018, the median age of the White population increased by one year, and the median age of minority populations increased by 1.4 to 2.6 years. The US Census Bureau attributed the increasing median age of minority populations to lower birth rates¹³.

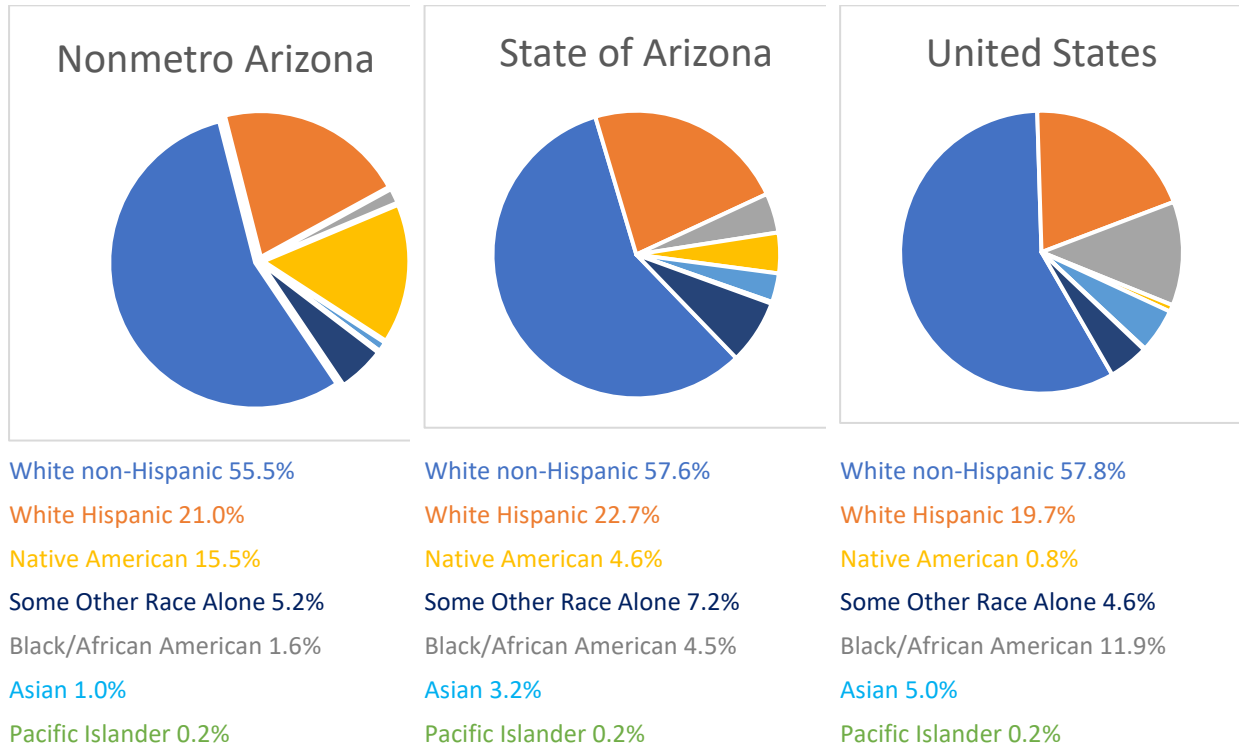


¹² www.census.gov/newsroom/press-releases/2018/cb18-41-population-projections.html

¹³ U.S. Census Bureau. Population Estimates Show Aging Across Race Groups Differs. June 20, 2019.



Racial and Ethnic Composition



The Arizona nonmetro population is more racially diverse than the State of Arizona as a whole and the nation. This is largely due to Arizona having the sixth highest percentage of Native Americans of any state in the U.S; more than 10% of the country’s Native American population resides in Arizona¹⁴. 15.5% of the Arizona nonmetro population is Native American, compared to 4.6% of the statewide population and less than 1% of the U.S. population.

Both nonmetro Arizona and the state as a whole have proportionately large White Hispanic populations compared to the U.S., with larger Hispanic populations in Arizona’s metro areas. Arizona’s nonmetro areas have much smaller Black/African American and Asian populations than found statewide. The Black/African American and Asian populations in Arizona are also much smaller than the nation as a whole.

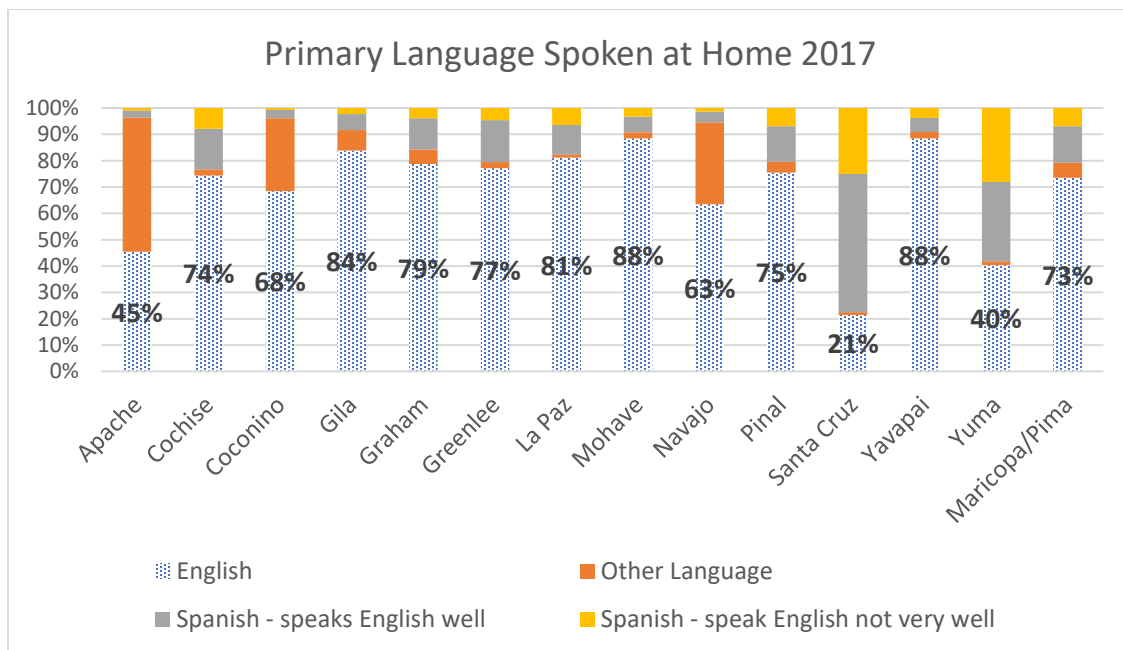
Yuma county is the most racially and ethnically diverse nonmetro Arizona county, followed by Graham county. Yuma county is home to a military base and shares a border with Mexico -both contribute to its diversity. Coconino and Navajo counties are also relatively diverse with large Native American populations. Yavapai county is the least diverse Arizona nonmetro county.

¹⁴ Arizona QuickFacts from the U.S. Census Bureau



Primary Language Spoken at Home

English is the primary language for nearly three quarters (73%) of Arizona’s population; 21% of the population speaks Spanish and 34% of Spanish speakers speak English “not very well”. Eight of ten Santa Cruz county residents and six of ten Yuma county residents speak Spanish as a primary language. Four of ten Spanish speakers in nonmetro Arizona speak Spanish not very well, with the highest proportions in Yuma county (48%) and Yavapai county (41%). Reflecting nonmetro Arizona’s Native American population, many residents of Apache, Coconino and Navajo counties speak another language.



Access to Broadband

Access to broadband can provide an opportunity for people to participate in the digital economy and increase their access to economic opportunity. On December 20, 2016, HUD published a final rule requiring installation of broadband infrastructure at the time of new construction or substantial rehabilitation of multifamily housing that has more than four rental units funded or supported by HUD. In 2017, eight of ten nonmetro households had a computer and of those households 85% had a broadband Internet subscription. Access to a computer and broadband are more limited on tribal lands.

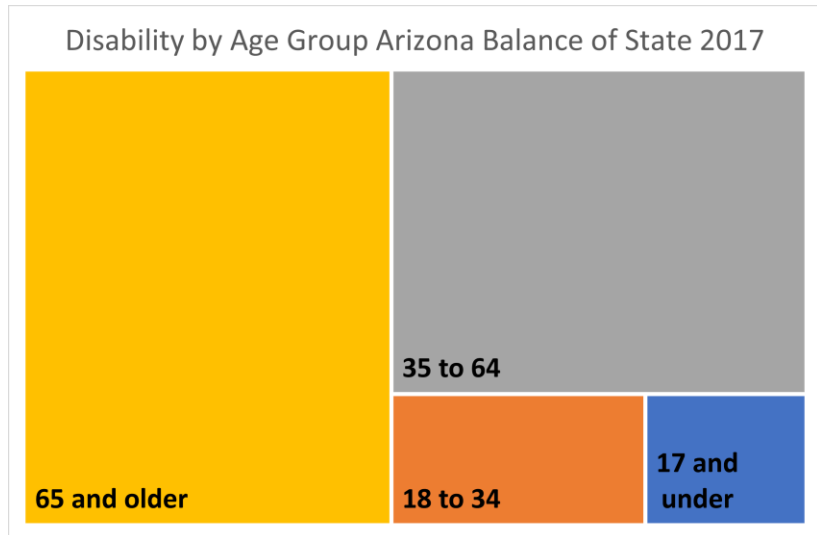


Persons with Disabilities

Persons with disabilities living in nonmetro areas, like their urban counterparts, have a wide range of housing needs. They may need accessibility features to facilitate independent living or access to suitable services. Frail elderly persons may require modifications to their existing homes. Other people with disabilities may prefer group housing or assisted living situations.

In 2017, 18% of the Arizona nonmetro population had a disability. Of the 254,176 people with disabilities, nearly half (47%) were age 65 and older. Due to an older population, the Arizona nonmetro population has a higher rate of disabilities than does the state as a whole. Consequently, the demand for accessible housing and other housing options is proportionately greater in nonmetro areas. Yet transportation, attraction and retention of health services providers, and an older housing stock in many areas may make it more difficult to meet the demand for accessible housing and services.

Given current income disparities and the aging of the minority population, the next decade is likely to present both fair housing and housing choice challenges as minority households enter into older age with fewer resources and increased risk of disability.



Poverty and Disability

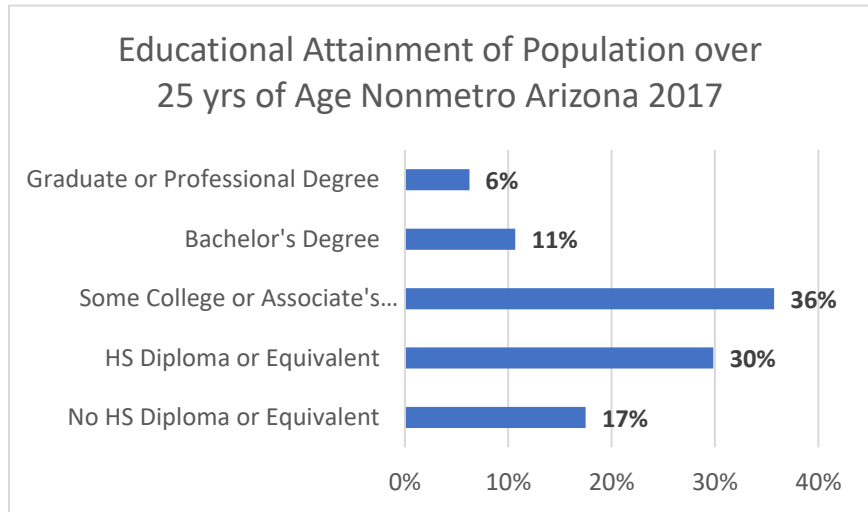
Poverty and disability often go hand-in-hand. In Arizona’s nonmetro areas, the poverty rate among people with disabilities (11.2%) is lower than the poverty rate among people with disabilities statewide (15.8%). More than three quarters (77%) of the Arizona Balance of State people with disabilities who are living in poverty are age 65 or older.

There are nine Balance of State census tracts that are areas of disability poverty concentration where the percentage of the population with disabilities living in poverty is at least 10% higher than the county percentage - two in La Paz county, two in Gila county, four in Mohave county, and one in Pinal county.



Educational Attainment

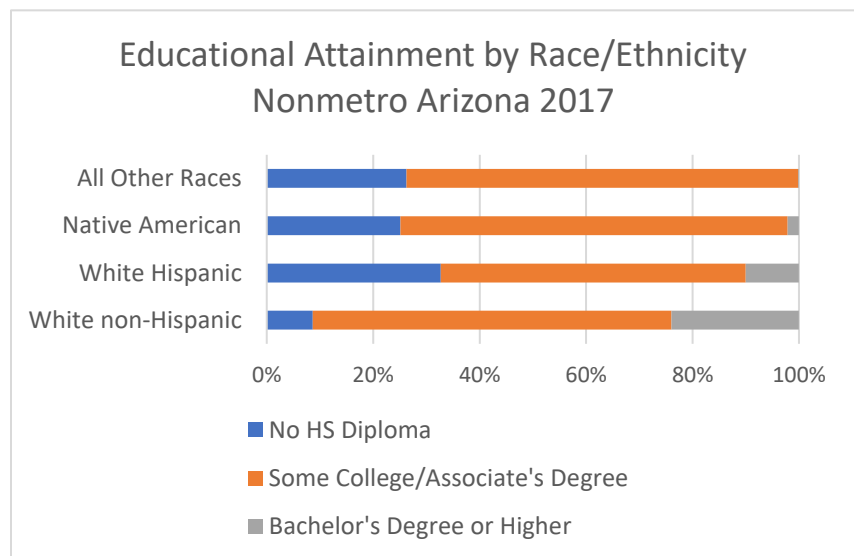
Seventeen (17%) of Arizona’s nonmetro population over the age of 25 has earned a Bachelor’s Degree or higher, compared to 28% of the State’s population as a whole and 31% of the State’s metro population. At the same time 17% of Arizona’s nonmetro population over the age of 25 has no High School Diploma or equivalent, compared to 13% of the State as a whole. Yuma and Santa Cruz counties have the largest percentages of population without a High School Diploma or equivalent.



Educational Attainment by Race and Ethnicity

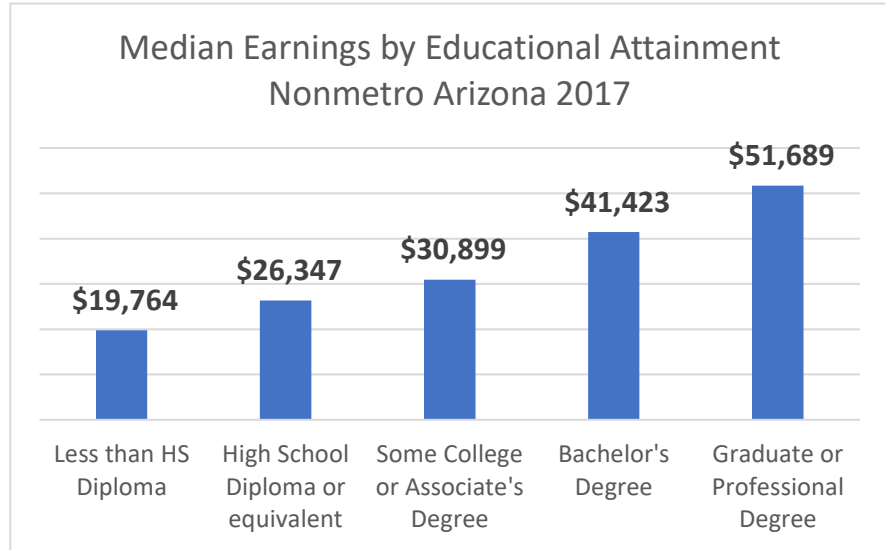
Educational attainment by race and ethnicity varies significantly in nonmetro Arizona. Nearly one-quarter (24%) of the White non-Hispanic population over the age of 25 has attained a Bachelor’s Degree or Higher, compared to 10% of the White Hispanic population, 2% of the Native American population and less than 1% of the population of other races. While the rate of Bachelor’s Degree attainment is much higher for the White non-Hispanic population, people of other races and ethnicities are as likely as White non-Hispanics to have some college or an Associate’s Degree.

One-third of the White Hispanic population over the age of 25 has no High School Diploma or Equivalent, compared to 9% of the White non-Hispanic population, 25% of the Native American population and 26% of the population of other races.



Educational Attainment and Earnings

Nonmetro Arizona’s diverse economy is reflected in the demand for an educated workforce. A person without a High School Diploma residing in Greenlee county can earn more than a person with a Bachelor’s Degree in Yavapai county. Greenlee county is the least populous of Arizona’s nonmetro counties and 45% of employed residents work in the mining industry, which is among the highest paying industries in Arizona. Conversely, one quarter of Yavapai county residents work in the retail trade, and food service and accommodation industries, which often offer part-time employment at minimum wage.



Access to High-Quality K-12 Education

The availability of high-quality education is one of the core elements of opportunity. Access to a high performing school has a direct impact on a child’s future employment, wealth, and health status. School proficiency is an indication of the quality of education that is available to residents of an area.

Educational attainment can have a significant impact on social outcomes, including income distribution and social capital.

Arizona Revised Statutes § 15-241 requires the Arizona Department of Education to develop an annual achievement profile for every public school in the state based on an A through F scale. The system measures year to year student academic growth, proficiency on English language arts, math and science. It also includes the proficiency and academic growth of English language learners, indicators that an elementary student is ready for success in high school, high school student readiness for a career or higher education, and high school graduation rates.

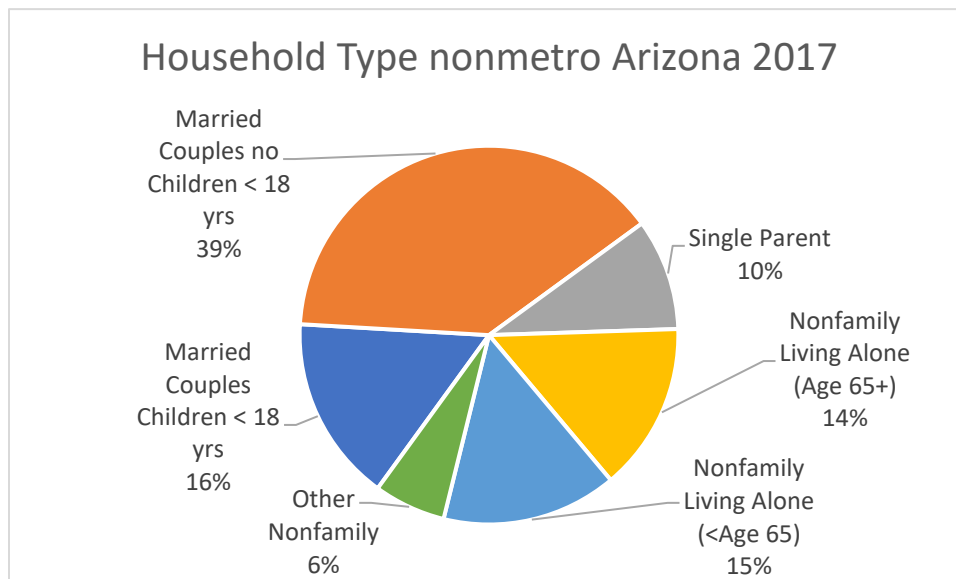
There are 502 traditional public schools in nonmetro Arizona, 72 of which are “A” rated. One in five schools in Mohave, Santa Cruz and Yavapai counties are “A” rated. Conversely, one in ten schools in Apache, Gila and La Paz counties are “F” rated.



Household Characteristics

Reflecting Arizona’s attraction as a place to retire, nearly four of ten households (39%) in nonmetro Arizona consist of married couples with no children under 18 years of age. Three of ten nonmetro Arizona households are people living alone, and half of people living alone are age 65 and older. Comparatively, metro Arizona is home to more married couples with children under 18 years of age (31%). One in ten households in both nonmetro Arizona and metro Arizona is a single-parent household.

Understanding the composition of households helps to identify the potential for housing discrimination and how best to create communities of opportunity.



Income and Employment

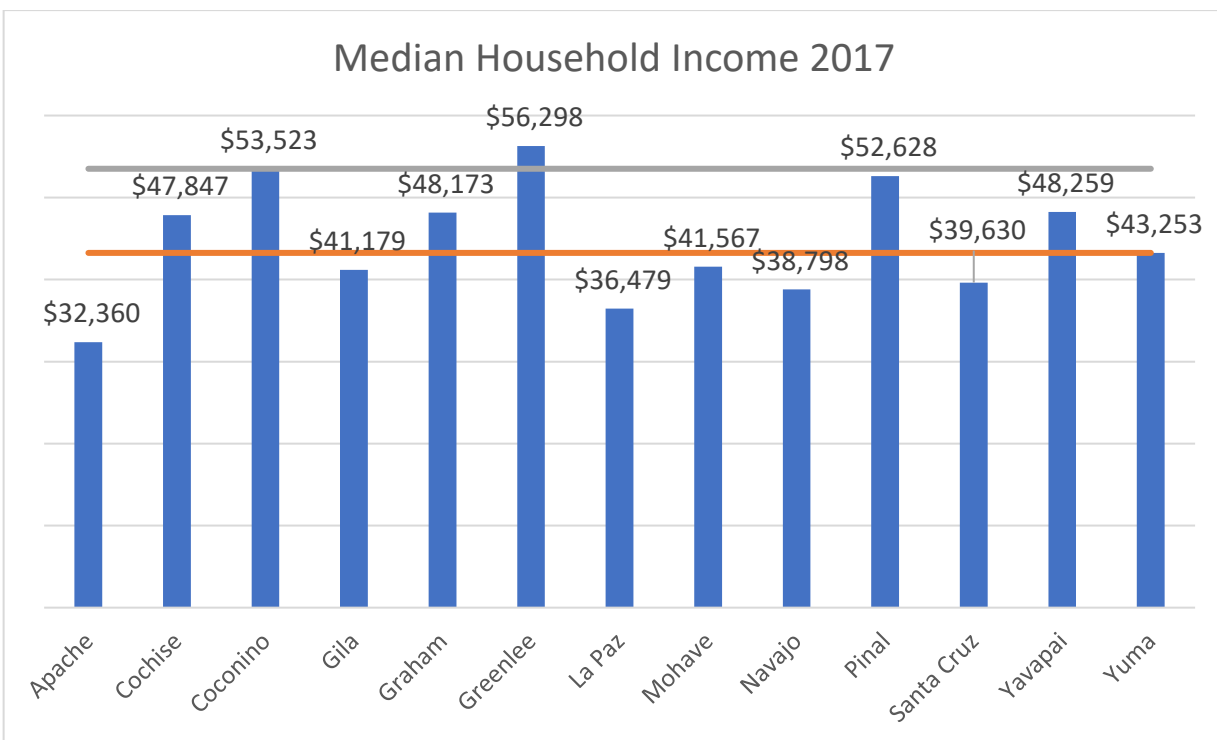
Household income directly affects the housing opportunities that are available and the choices that a household makes about where they will live, whether to rent or own, and how much of their income will be used for housing. Many lower income households struggle to find housing

located in areas of high opportunity and must make a choice between quality housing in close proximity to opportunities and having sufficient resources to pay for basic goods and services.

While households have housing choice it is essential to recognize that adequate income is critical to opportunity, including location opportunity and potential wealth generation.

Median Household Income

Median income is the measure used by the housing and community development industry to target HUD resources. Median income includes income from employment and from other sources such as investments, retirement and public assistance. The median household income in nonmetro Arizona is 80% of the statewide median. Median household income is lowest in Apache and La Paz counties, and highest in Greenlee and Coconino counties.



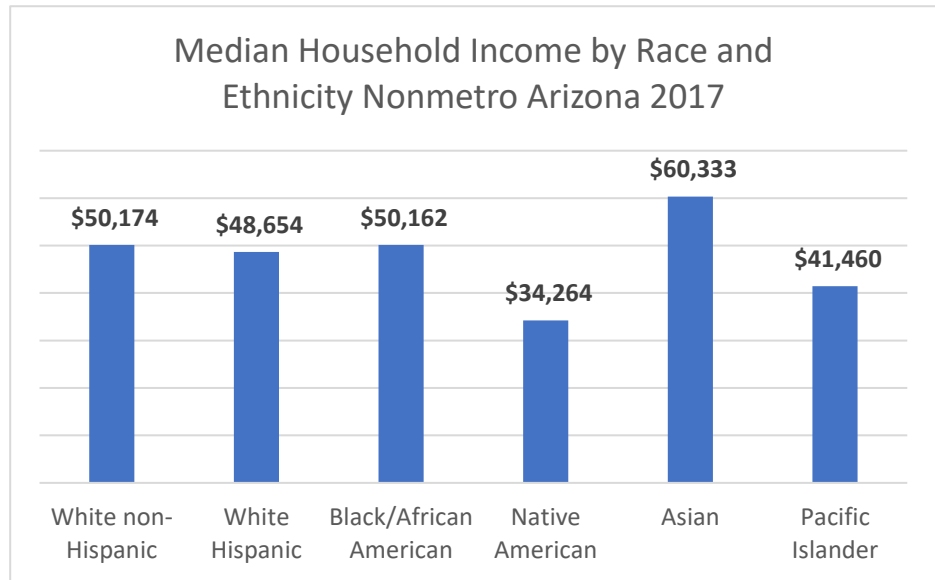
State of Arizona \$53,510

Nonmetro Arizona \$43,253



Median Household Income by Race and Ethnicity

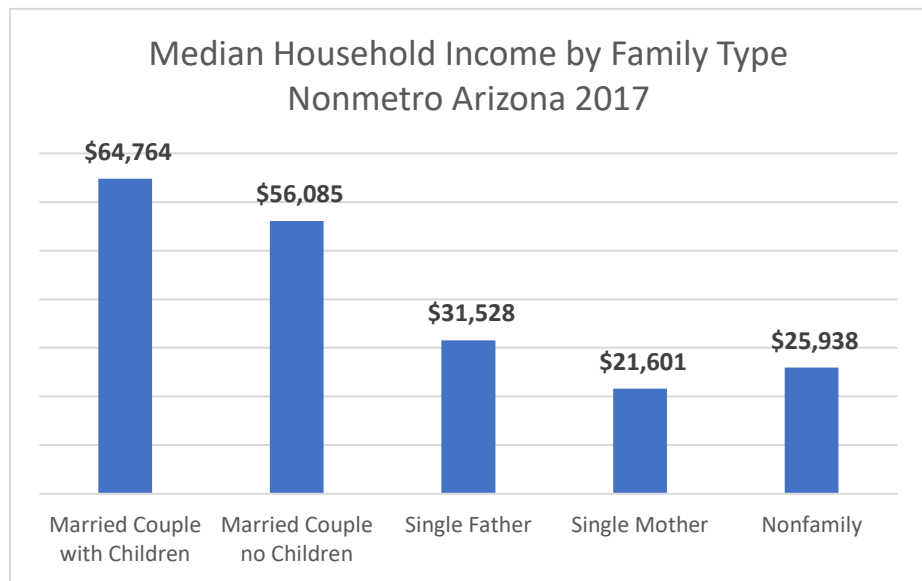
Nonmetro Arizona’s large Native American population has the lowest median income at \$34,264, or 68% of the nonmetro median. Households headed by a person of any other race or ethnicity have a higher median household income than the nonmetro Arizona median of \$43,253.



Knowledge of household income and race/ethnicity or family type contributes to greater understanding of housing choice and economic opportunities.

Median Household Income by Family Type

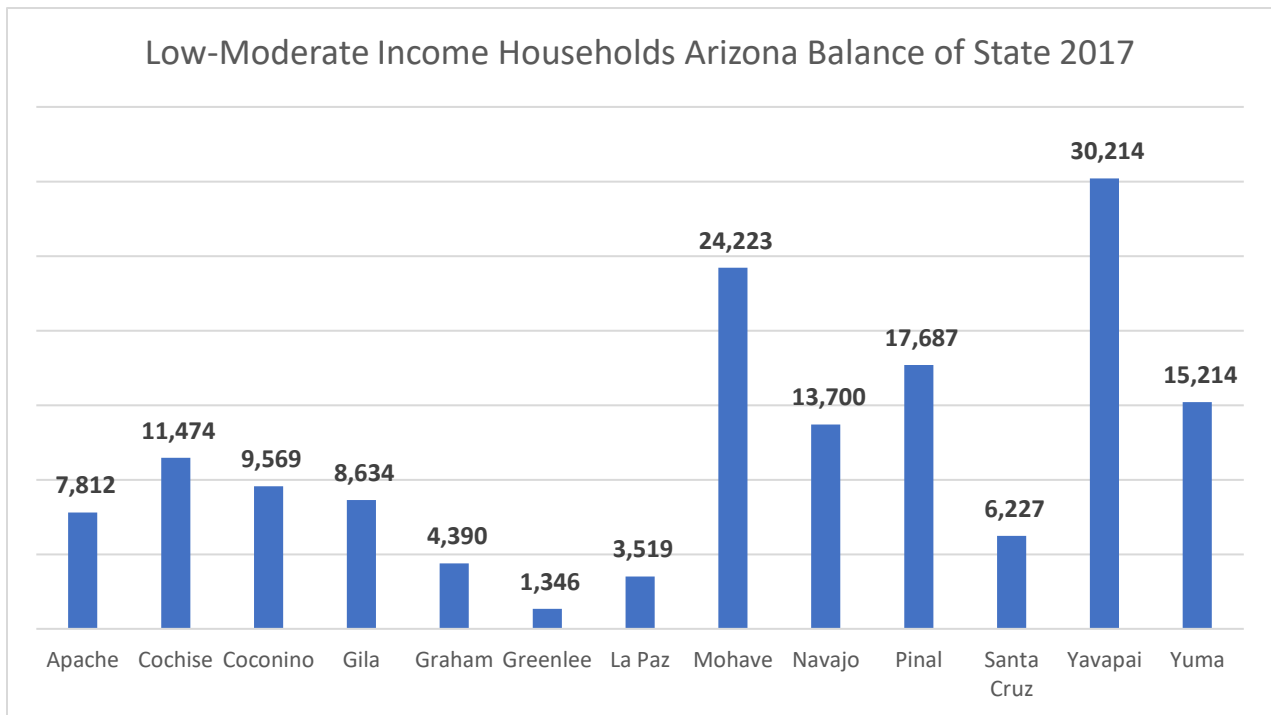
Married couples with children, who are more likely to be of working age and often have two wage earners, have a median income 1.5 times the median for all nonmetro households. Comparatively, single-mother families have a median income that is one-half that of all nonmetro households.



Low-and-Moderate Income Households

Low- and moderate-income households are those that have income less than 80% of the area median income (AMI) as defined by HUD for each county or Metropolitan Statistical Area. The use of CDBG funds is generally restricted to households or areas that are low-to-moderate income. Since one half of households have incomes above the median and one half below, it follows that 40% of households in a county will be low and moderate income.

In 2017, there were 154,010 low-to-moderate income households in the Arizona Balance of State and 61,600 have annual income less than \$15,000.



Poverty

In 2017, 12% of the State’s population lived below the poverty level. Poverty is more than double the statewide rate in Apache and Navajo counties, which include large Indian Reservations. And the border counties of Santa Cruz and Yuma counties have poverty rates 1.5 times the statewide rate.

Twelve percent of Arizona’s population lived below the poverty level in 2017.

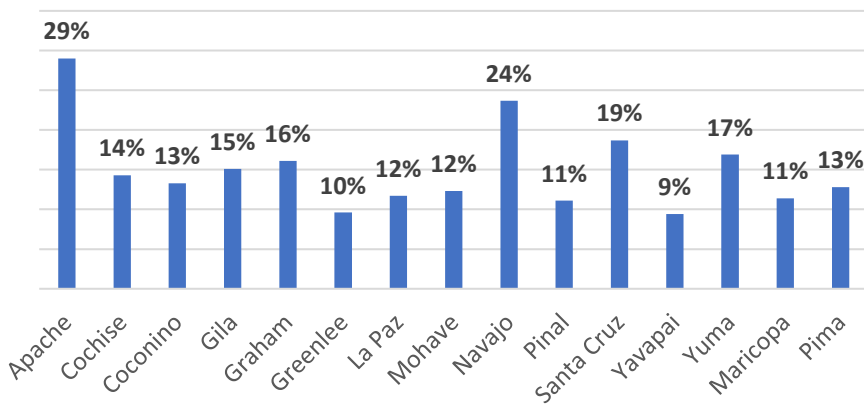
In 2017, the poverty threshold for a family of four was \$24,700. People living in poverty often lack education and have a higher incidence of illness resulting in increased costs to health, justice and other systems that provide supports. People living in poverty are also often socially excluded and are least likely to understand their rights under the Fair Housing Act or to access fair housing education.

“Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see the doctor. Poverty is not having access to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time.

Poverty has many faces, changing from place to place and across time, and has been described in many ways. Most often, poverty is a situation people want to escape. So, poverty is a call for action – for the poor and wealthy alike – a call to change the world so that many more can have enough to eat, adequate shelter, access to education and health, protection from violence, and a voice in what happens in their communities.”

The World Bank

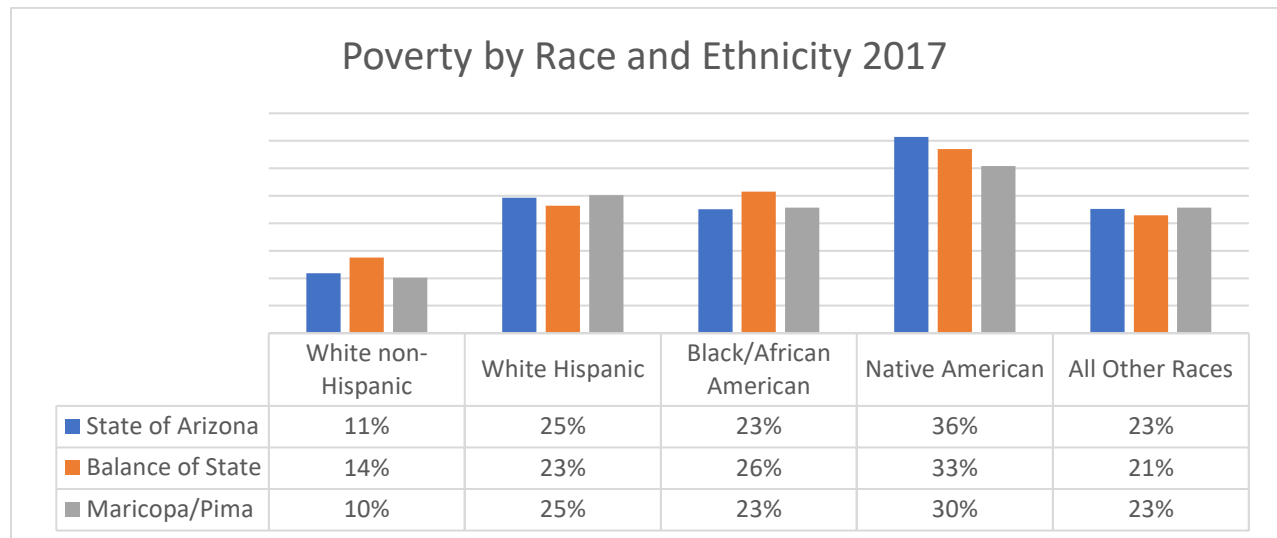
Percent of Population Living Below Poverty Level by County 2017



Poverty and Race/Ethnicity

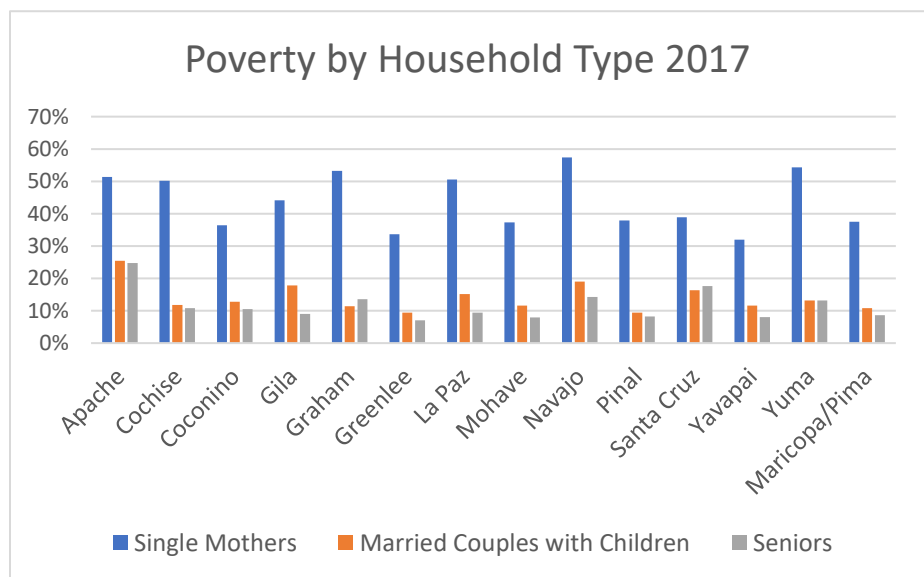
Statewide, more than one-third (36%) of the Native American population lives in poverty, including 33% of the nonmetro Arizona Native American population and 30% of the Native American population in Maricopa and Pima counties. White non-Hispanic, Black/African American and Asian people in the nonmetro areas are more likely than their urban counterparts to live in poverty. White Hispanic and people of other races are less likely than their urban counterparts to live in poverty.

The combination of social and economic status reveals a group or individual's access to resources, privilege and power.



Poverty and Household Type

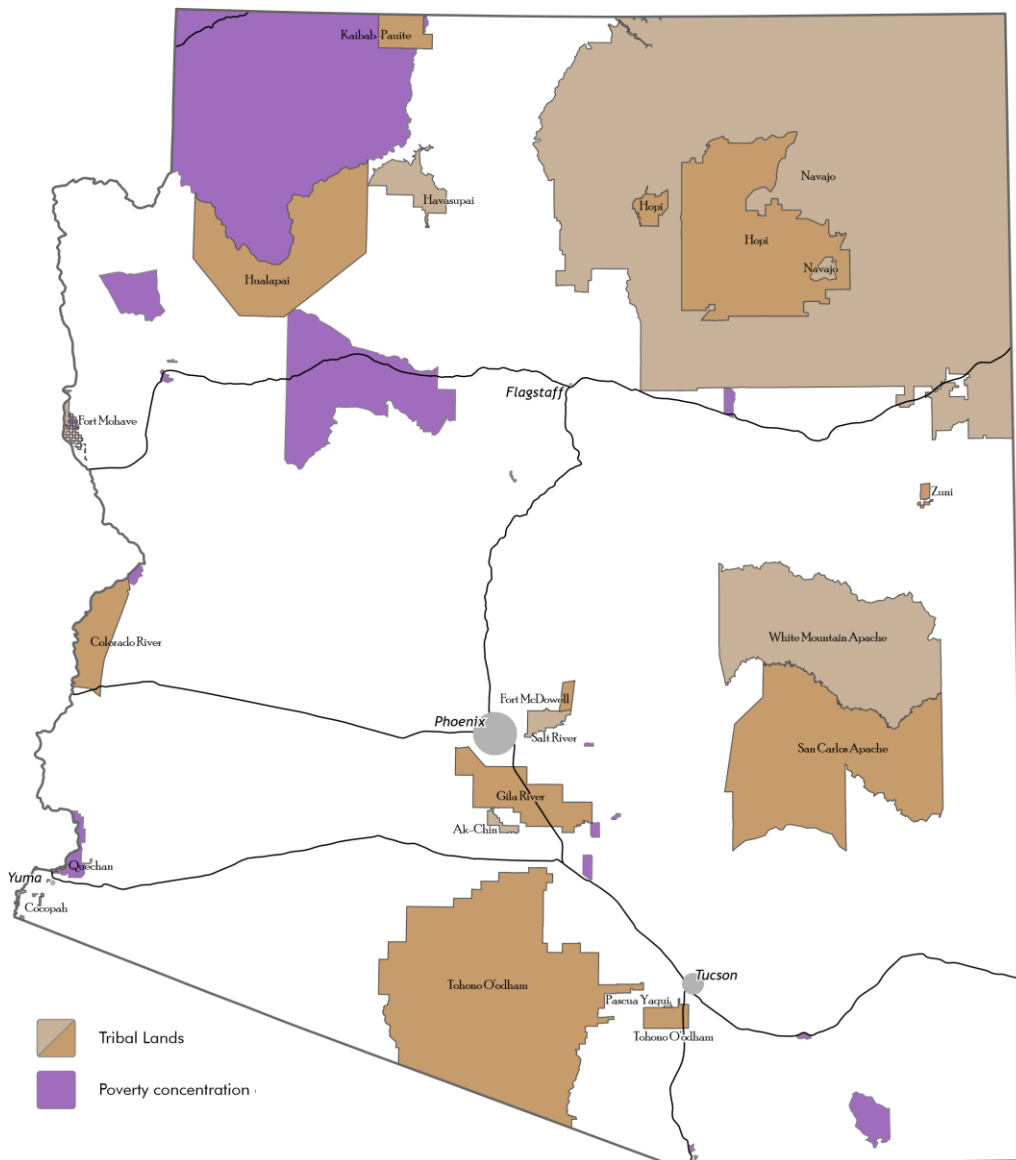
Single-mother households are three times more likely to live in poverty than are married couples with children, and nearly four times more likely to live in poverty than are seniors. Forty-four percent (44%) of single mothers in Arizona live in poverty, as do 14% of married couples with children and 12% of seniors.



Concentrated Poverty

Poor neighborhoods come with an array of challenges that affect the people who live in those neighborhoods and the regions in which they are located. Residents of poor neighborhoods often face higher crime rates, have limited access to healthy fresh foods, tend to go to poor-performing schools with higher dropout rates, and often have weak job-seeking networks and face financial insecurity.

There are 25 census tracts in the Arizona Balance of State that are areas of poverty concentration. Poverty concentrations are found in seven of the thirteen nonmetro counties, with the largest number in Mohave, Pinal and Yuma counties.



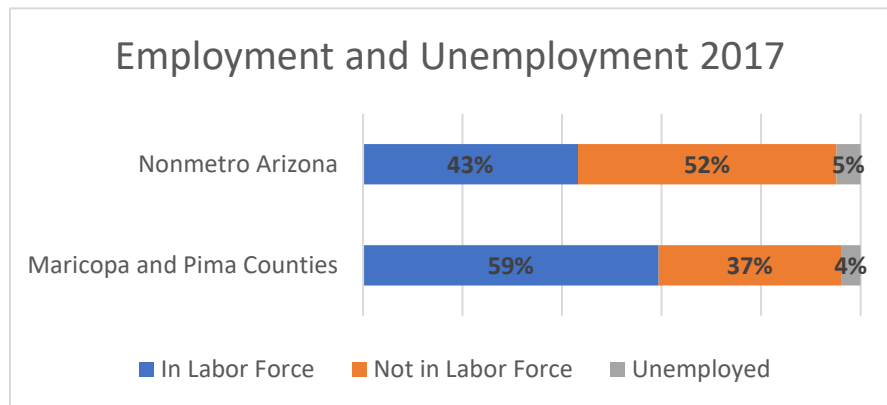
Employment

Arizona’s development patterns and economic activities have been largely shaped by the limited water supply and policies created to govern it. In the early years of the state, the five C’s – copper, cattle, cotton, citrus, and climate served an important role in the economy, with many jobs in agriculture, ranching and mining. The five C’s represent a modest impact on Arizona’s economy today, yet they still play a strong cultural role.

Maricopa, Yuma and Pinal counties together comprised 78% of the Arizona’s \$3.7 billion agricultural products sold in the state in 2012. In 2012, cow’s milk was the top commodity in Maricopa county and cattle and calves were the top product in Pinal county. Yuma county ranked fourth of all US counties producing vegetable crops and second for lettuce crops when comparing both acreage and value of sales. Arizona had 29,245 hired farm workers in 2012, 45% of whom worked fewer than 150 days in the year¹⁵.

Arizona is home to an abundance of critical and strategic minerals and 66% of the nation’s copper output came from Arizona in 2017. In 2017, the industry provided 9,807 direct jobs and an estimated 35,940 jobs were connected to mining in some way. Mining jobs pay an average wage of \$102,859, with over one-third of jobs located in Greenlee county¹⁶.

Employment, unemployment, and earnings are important labor market indicators that impact housing choice and access to opportunity. Less than one-half (48%) of Arizona’s nonmetro population was in the labor force in 2017. Of people in the labor force, 11% were unemployed. Comparatively, 63% of the population in Maricopa and Pima counties was in the workforce and 6% of the workforce was unemployed.



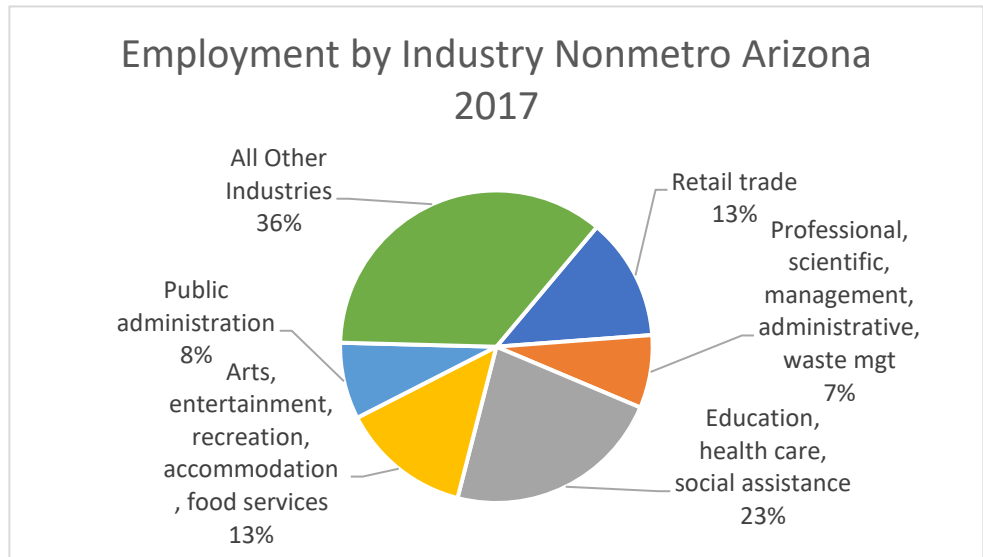
¹⁵ The Changing Face of Agriculture in Arizona. Valorie Rice, University of Arizona Eller College of Management Economic and Business Research Center.

¹⁶ Economic Impact of the Arizona Mining Industry. L. William Seidman Research Institute WP Carey School of Business Arizona State University for the Arizona Mining Association.



Employment by Industry

In 2017, 49% of the nonmetro Arizona workforce was employed in one of three industries. The education, health care and social assistance industry employed 23% of the workforce. Retail trade, and the arts, entertainment, recreation, accommodation and food service industries each employed an additional 13%.



Retail trade, and the arts, entertainment, recreation, accommodation and food service industries often have lower wages, unpredictable work schedules and hours that vary from week to week. This unpredictability can make it challenging for employees to arrange childcare and plan and stick to a monthly budget¹⁷. Unpredictable work schedules and hours can also cause high variability in take-home income from month to month and hinder a family’s ability to save and attain housing stability. One report found that more than half of families experienced a 30% month-to-month change in total income, most of which was experienced by workers who did not change jobs¹⁸.

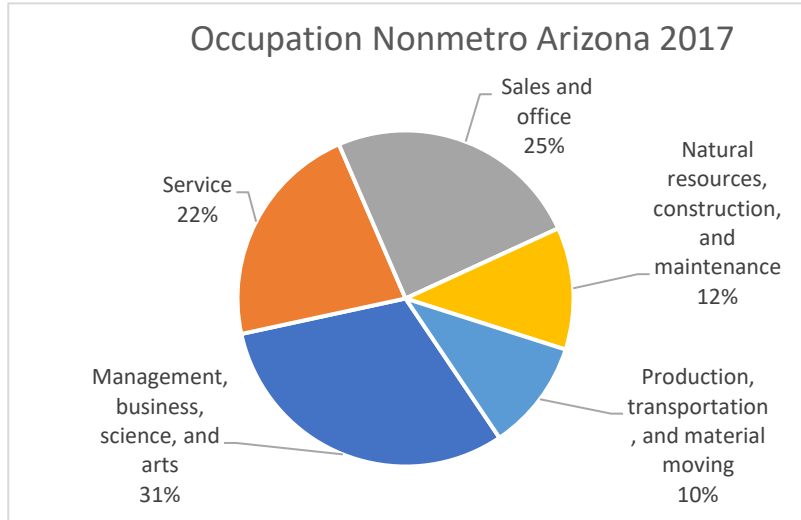
¹⁷ Boushey, H. Ansel, B. (2016). “Working by the Hour: The Economic Consequences of Unpredictable Scheduling Practices.” Washington Center for Equitable Growth.

¹⁸ Farrell, D., Greig, F. (2016). “Paychecks, Paydays, and the Online Platform Economy.” JP Morgan Chase Institute.



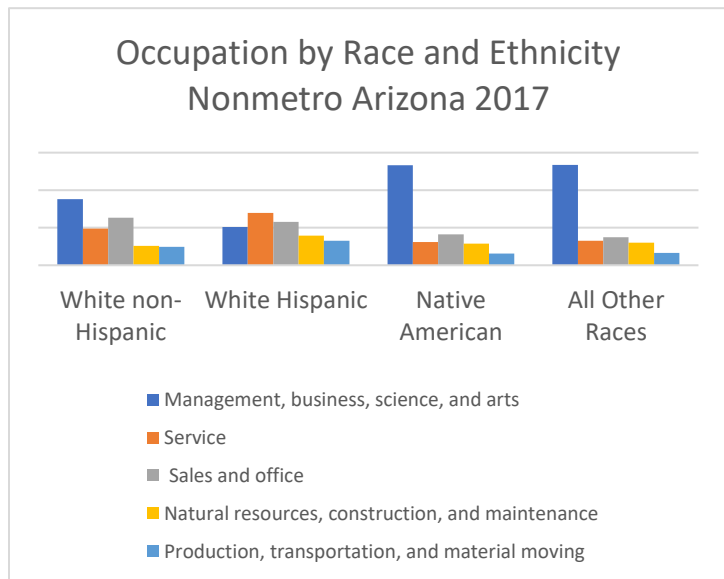
Occupation by Industry

In 2017, management, business, science, and arts occupations in the educational services, and health care and social assistance industry was a major occupation in all Arizona counties except Greenlee. Service occupations were 1.34 times more prevalent in nonmetro Arizona than in metro Arizona. Conversely, management, business, science and arts occupations in the professional, scientific, and management, and administrative and waste management services industry and finance, real estate and insurance industry were 2 times more prevalent in metro Arizona than in nonmetro Arizona.



Race, Ethnicity and Occupation

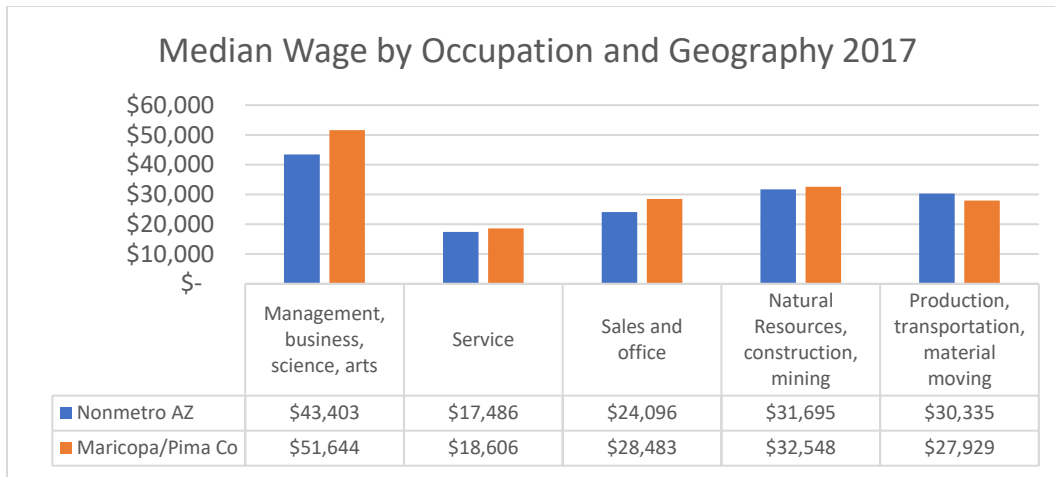
With the exception of White Hispanic employees, Arizona’s nonmetro employees are most likely to be employed in management, business, science and arts occupations. White Hispanic employees (28%) were more likely to be employed in service occupations than were people of other races.



Stagnant wages for low-wage earners, many of whom work in services occupations and are minority, make it challenging to keep up with rising housing prices.

Median Annual Wages by Occupation

Management, business, science and arts occupations were the highest paying nonmetro occupations in 2017, with a median wage of \$43,403. People employed in service occupations had the lowest median wages at \$17,486 – well below the 2017 federal poverty level for a family of four. Except natural resources, construction and mining occupations, median wages in metro Arizona were 1.1 to 1.2 times higher paying than in nonmetro Arizona.



Some of the fastest gains in wage growth in 2017 were generated by low wage industries, such as other services; agriculture, forestry, and fishing; and accommodation and food. This suggests that the increase of Arizona’s minimum wage from \$8.05/hour to \$10.00/hour in January 2017 may have contributed to the acceleration. Wage gains continued at a solid pace through the first half of 2018. Across all industries, wages rose by 3.4% during the period. Information, mining, finance and insurance, real estate, and manufacturing posted the fastest growth. On the other end of the spectrum, management of companies; educational services; transportation and warehousing; other services; and professional, scientific, and technical services posted outright declines¹⁹.

Instead of facing a skills deficit, workers face a wage deficit. This is powerfully illustrated by the fact that college graduates have not seen their real wages rise in ten years.

Rebecca Thines

¹⁹ Steady as She Goes: Arizona Wage Gains Improve. George W. Hammond University of Arizona Eller College of Management Economic and Business Research Center.



Housing Profile

The housing market consists of structures and units and the people and households who choose to occupy them. While the housing market is based on supply and demand, many complex variables influence the housing market. Some of these variables include household income, family composition, access to suitable employment and education opportunities, age, and the cost of goods and services in the community.

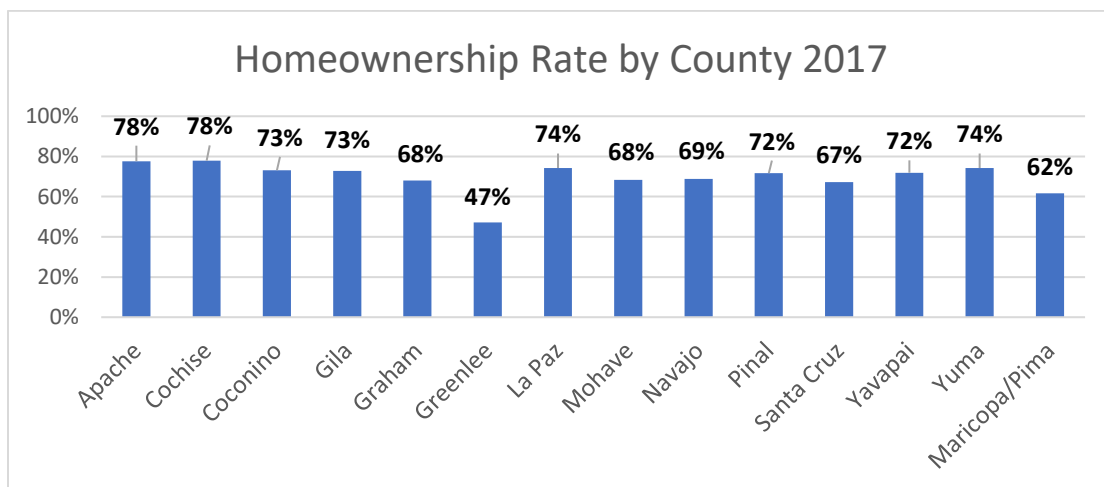
Housing is important to the well-being and prosperity of people and places. Affordable housing is essential to attracting and retaining skilled employment, addressing deprivation and its underlying economic causes, and maximizing the potential for economic inclusion.

Within the housing market variety, quality and affordability move in tandem. Variety is defined as the types of housing that are available, which changes over time to meet demand. Demand is in turn influenced by housing affordability and quality and by demographic change, including population growth and household and family composition.

In general, the housing market moves roughly in line with the rest of the economy over the long term. The State of Arizona economy is growing, with demand for housing leading to increased demand and home prices and rents.

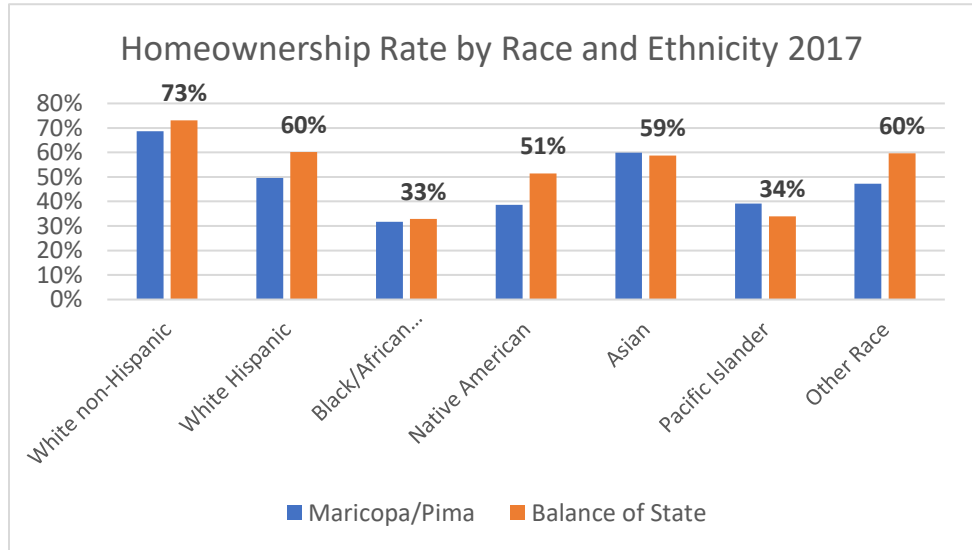
Tenure

Statewide, 63% of households are owners and 37% are renters. The homeownership rate in nonmetro Arizona is 72%, compared to 62% in Maricopa and Pima counties. The homeownership rate is higher in Apache and Cochise counties (78%), and lower in Greenlee (47%) and Santa Cruz (67%) counties.



Tenure and Race / Ethnicity

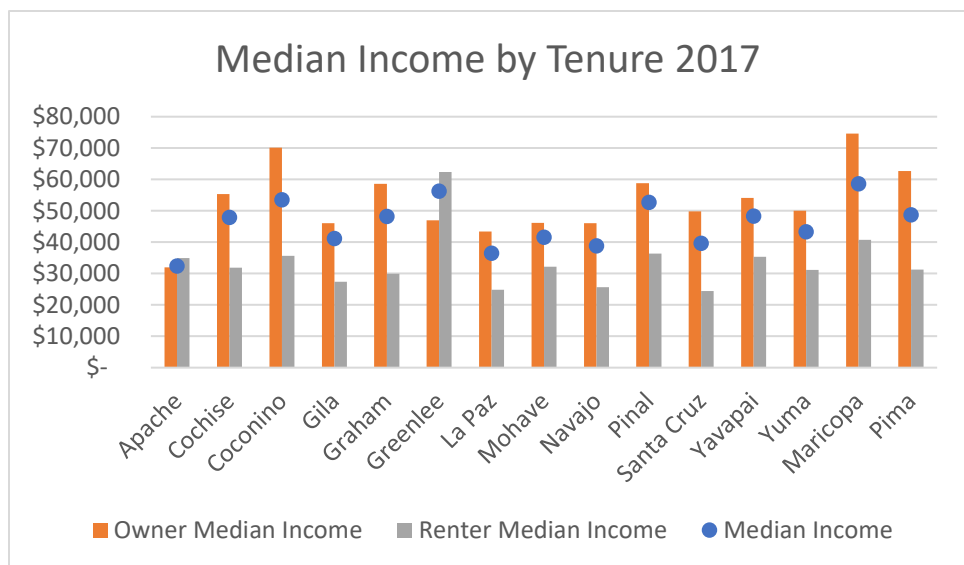
White non-Hispanic households have the highest homeownership rate in both the nonmetro (73%) and metro (69%) counties. The lowest homeownership rate is among Black/African American households at 33% in nonmetro counties. Except Pacific Islander households, people of all races and ethnicities are more likely to be homeowners in nonmetro counties than in urban counties.



The Arizona median income for homeowners is \$65,485, compared to \$34,964 for renters.

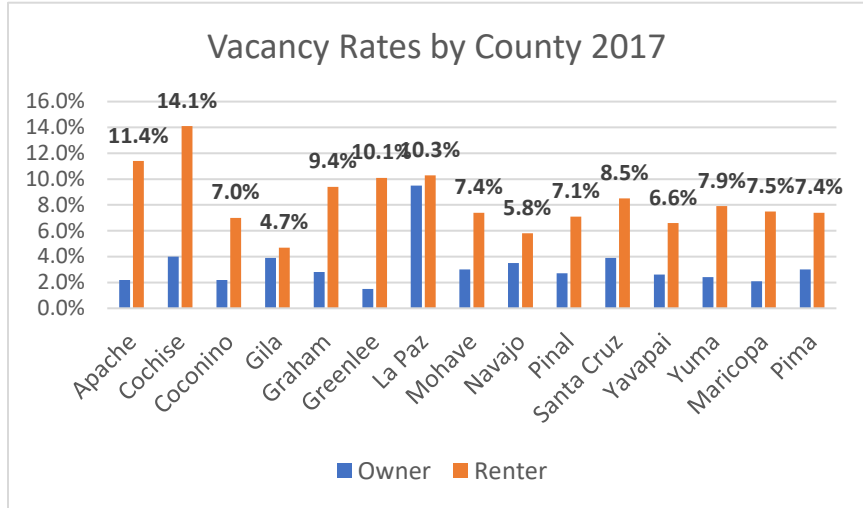
Tenure and Household Income

The homeownership rate typically increases with income and with age. Higher income households are more able to save for down payment and closing costs and to benefit from the tax deductions associated with homeownership. Older households often have wealth generated from employment and previous home purchases.



Occupancy and Vacancy

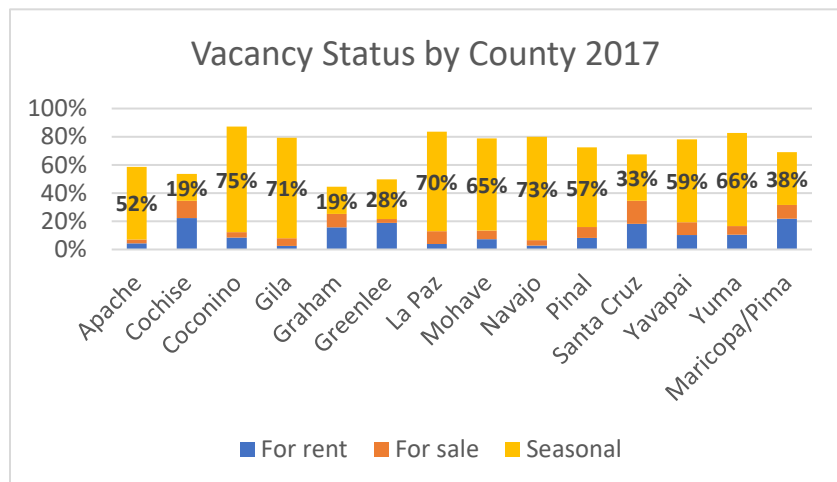
Housing vacancy plays a major role in both availability and affordability. Prior to the recent economic recession, overbuilding led to high vacancy rates across the state and supply exceeded demand. Yet vacancy is necessary to provide for mobility in the housing market. In 2017, sixteen percent (16%) of Arizona housing units were vacant, including 27% in nonmetro Arizona and 13% in metro Arizona. More than one-third of housing units were vacant in five of the thirteen nonmetro counties.



The nonmetro housing market is heavily impacted by demand for seasonal and second homes.

Seasonal Vacancy

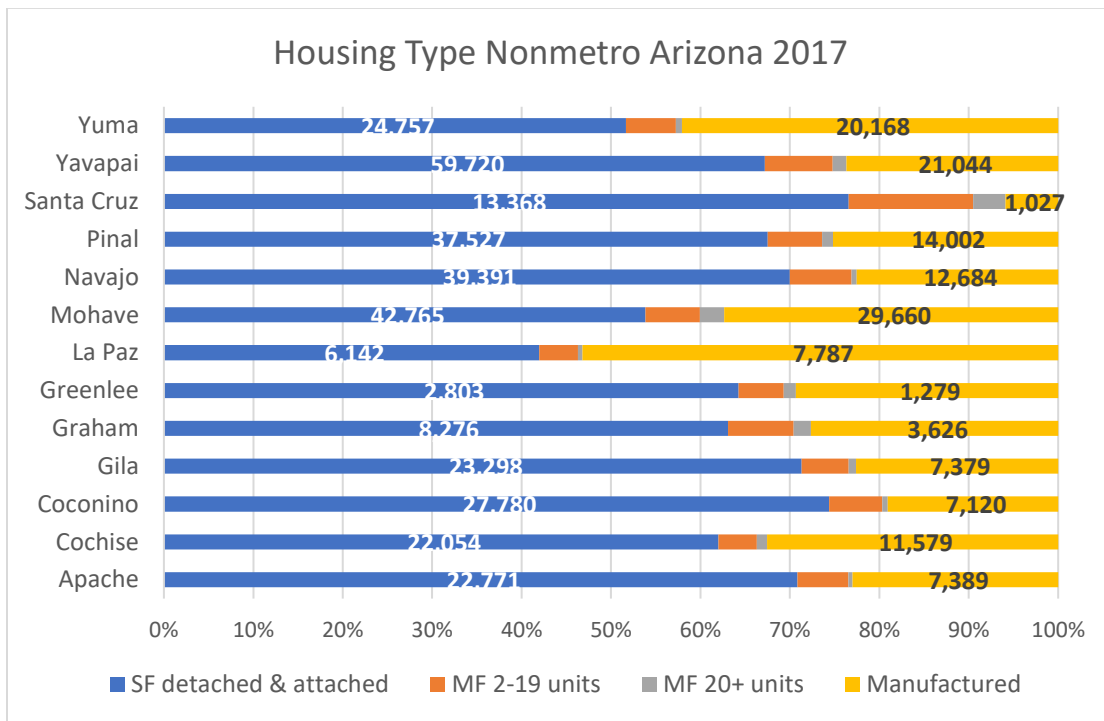
While there may otherwise be an adequate number of housing units to meet resident demand, seasonal units constrain supply. This constrained supply can, in turn, result in unaffordable and/or substandard housing choices for the people who live and work in a community. This is especially apparent in Coconino, Gila, La Paz and Navajo counties, where seasonal vacancies comprise 70% or more of vacant units. In metro counties, seasonal units comprise 38% of the vacant housing stock, 22% is for rent and 10% for sale. In contrast, 61% of the nonmetro vacant housing stock is for seasonal use, 7% for sale and 8% for rent.



Housing Variety

A variety of housing types are necessary to meet the diverse needs and desires of both owners and renters. The types of housing that are available are driven largely by demand. However, many other factors influence housing variety including public policy such as zoning and building requirements, the availability and cost of infrastructure, community character, neighborhood or community acceptance, and the cost of land and construction. In 2017, 64% of the Arizona housing stock was single-family detached, 11% was manufactured, 14% was small multi-family (2-19 units), and 7% was large multi-family (20 or more units). In nonmetro Arizona, 62% of the housing stock was single-family detached, 27% was manufactured, 6% was small multi-family, and 1% was large multi-family. Manufactured housing was more than one-third of the housing stock in Arizona’s western counties.

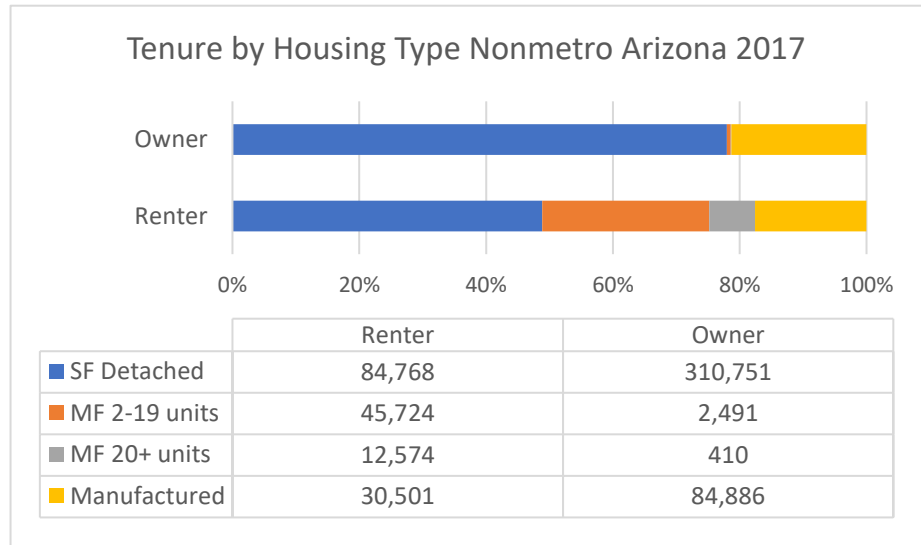
A housing system with adequate supplies of a range of housing types is essential to economic sustainability, labor market mobility, and housing opportunities as households move through their life cycles.



“Our economic development efforts have been successful. Homebuilders are meeting the demand for single-family workforce housing; we are in desperate need of affordable rentals.”
Interviewee

Tenure by Housing Type

Small multi-family and manufactured housing are essential to the nonmetro Arizona rental housing supply. Nearly one-half (47%) of renters in nonmetro Arizona rented single-family detached housing in 2017 and another quarter (25%) rented units in small multi-family housing consisting of 2 to 19 units. Nearly one in five (17%) rented manufactured housing.

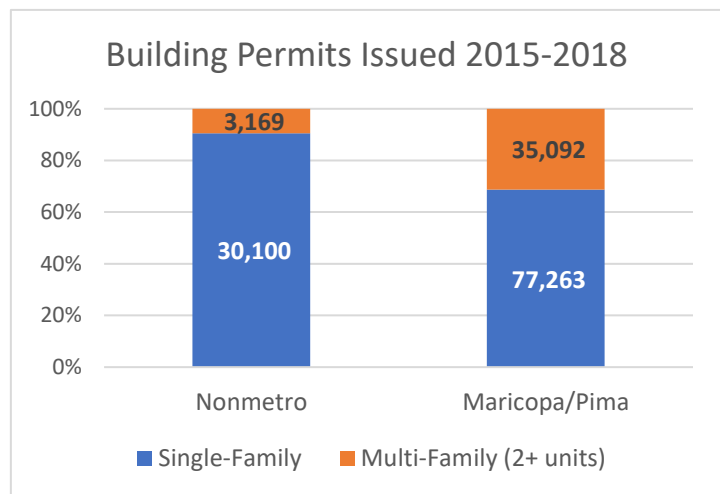


“Our biggest challenge is figuring out how to attract smaller, mixed-income projects that can meet the housing needs of both our poorest residents and our critical public safety, teaching and medical professionals.”

Interviewee

Building Permits

Arizona has experienced cycles of rapid growth driven by demand and access to capital followed by periods of higher vacancy. During the housing crisis of the mid-2000’s and during the economic recovery, the demand for rental housing increased significantly. Much of the early demand was met by the overbuilt single-family housing market. As the recovery progressed, the market responded with more multi-family housing, mostly in Maricopa and Pima counties. Sixty percent (60%) of multi-family development in nonmetro Arizona has been in Yavapai (37%) and Coconino (23%) counties.



Source: HUD State of the Cities Data System



Housing Quality

Housing quality encompasses a range of issues that are central to quality of life, including housing safety, design and appearance, accessibility for persons with disabilities, maintenance and energy efficiency, and community safety and livability. The quality of the existing housing stock reflects economic prosperity and investment.

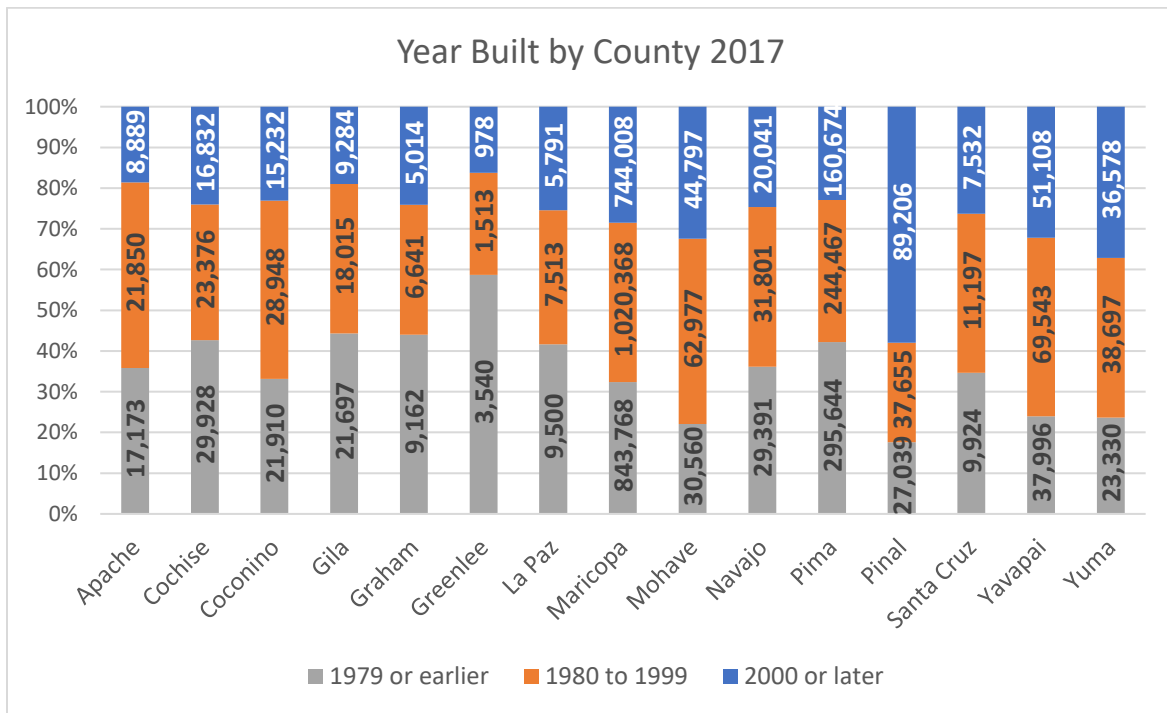
“Poor living conditions can serve as a mechanism of social stratification, affecting children’s wellbeing and resulting in the intergenerational transfer of social inequality.”

Claudia Solari and Richard Mare

Year Built

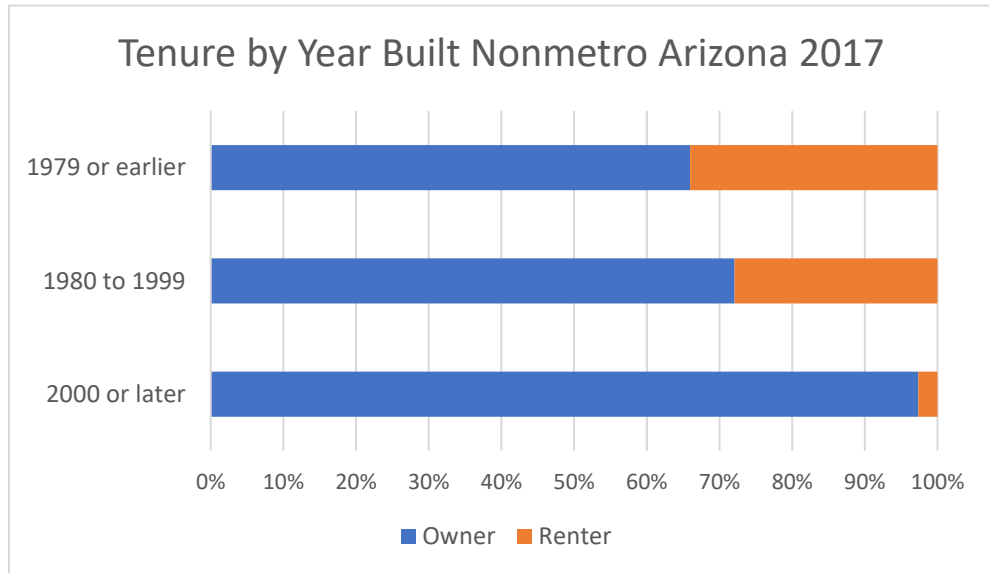
The age of the housing stock is one indicator of housing quality. Older housing units may be less energy efficient, resulting in higher utility costs for occupants, and some materials such as lead paint (in units built prior to 1978) and asbestos may represent health hazards to occupants. Older housing units are also less likely to be accessible to persons with disabilities.

One half of Arizona’s housing stock was built in 1989 or earlier, with the oldest housing stock in Cochise, Gila, Graham and Greenlee counties. Six of ten housing units in Pinal county have been built since 2000.



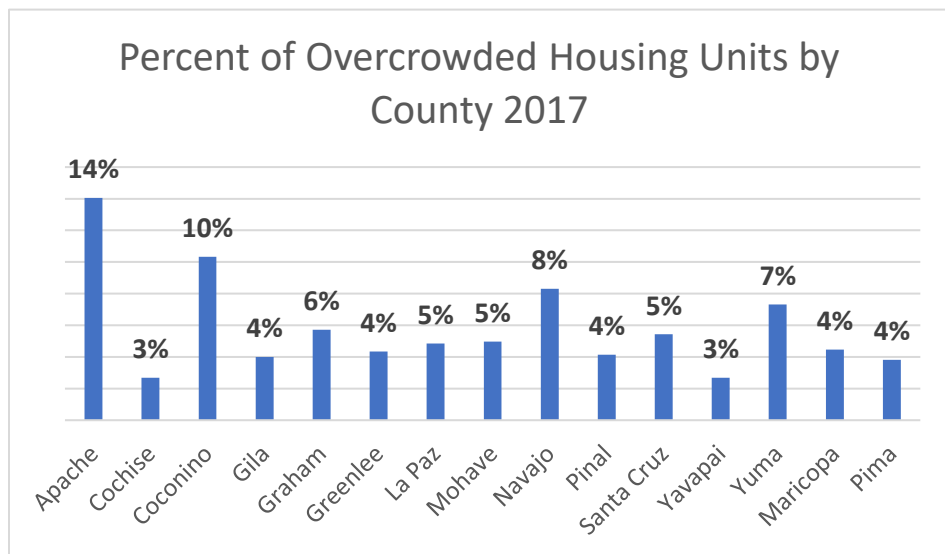
Tenure by Year Built

One third of pre-1979 nonmetro units were occupied by renters, compared to only 3% of units built since 2000. The high rental rate of older units can pose a problem for persons with disabilities. Many older units do not meet ADA requirements and will require some modification to reasonably accommodate a person with a disability. Coupled with limited new construction of rental units, complaints related to disability accessibility and reasonable accommodation can be expected to increase during the coming decade.



Overcrowding

Poor housing conditions are associated with a wide range of health conditions, including respiratory infections, asthma, lead poisoning, injuries, and mental health²⁰. Exposure to substandard housing is not evenly distributed across populations. People of color and people with low income are more likely to rent and to occupy older housing and to live in overcrowded housing and are disproportionately affected.



²⁰ James Krieger and Donna Higgins. Housing and Health: Time Again for Public Health Action. American Journal of Public Health. May 2002.



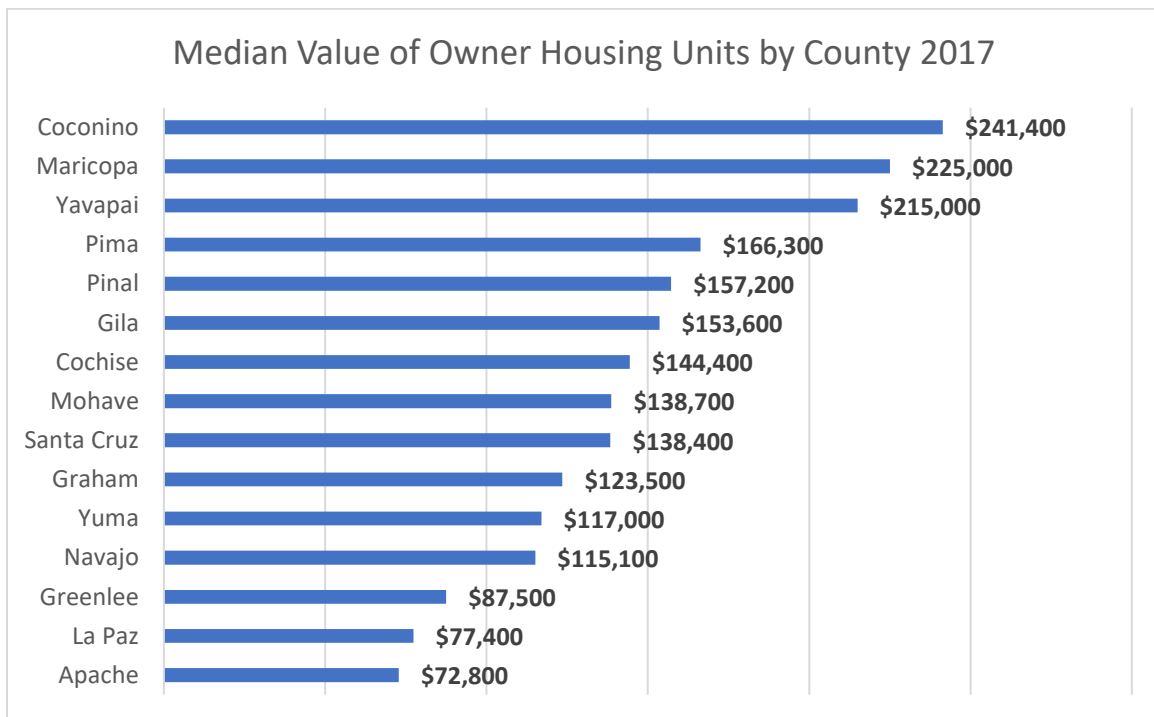
Housing Affordability

Both owners and renters may choose to occupy housing that is disproportionately costly for any number of reasons – location, availability, public transportation and access to services, proximity to family, schools and employment, anticipated income increases, and housing quality are just some of the complex factors that impact housing choice. The value (cost) of housing drives whether households can afford to purchase and maintain ownership. Rents impact location choice, mobility, and the ability to save for home purchase, if desired.

Owner-occupied Housing Value

Housing values directly impact the amount of funds that a buyer can borrow as well as the amount of taxes paid. Values are generally reflected in prices but during a time of high demand, prices can exceed values. In turn, higher prices drive up values as comparing prices is one method of determining value. Higher-valued homes require a larger down payment and lenders provide financing up to a percentage of the value of a housing unit; these two factors contribute to whether a household is able to purchase a home.

Median home values are highest in Coconino county at \$241,400, followed by Maricopa county at \$225,000 and Yavapai county at \$215,000. Median home values are lowest in Apache county at \$72,800 and La Paz county at \$77,400.



Median Monthly Gross Rents

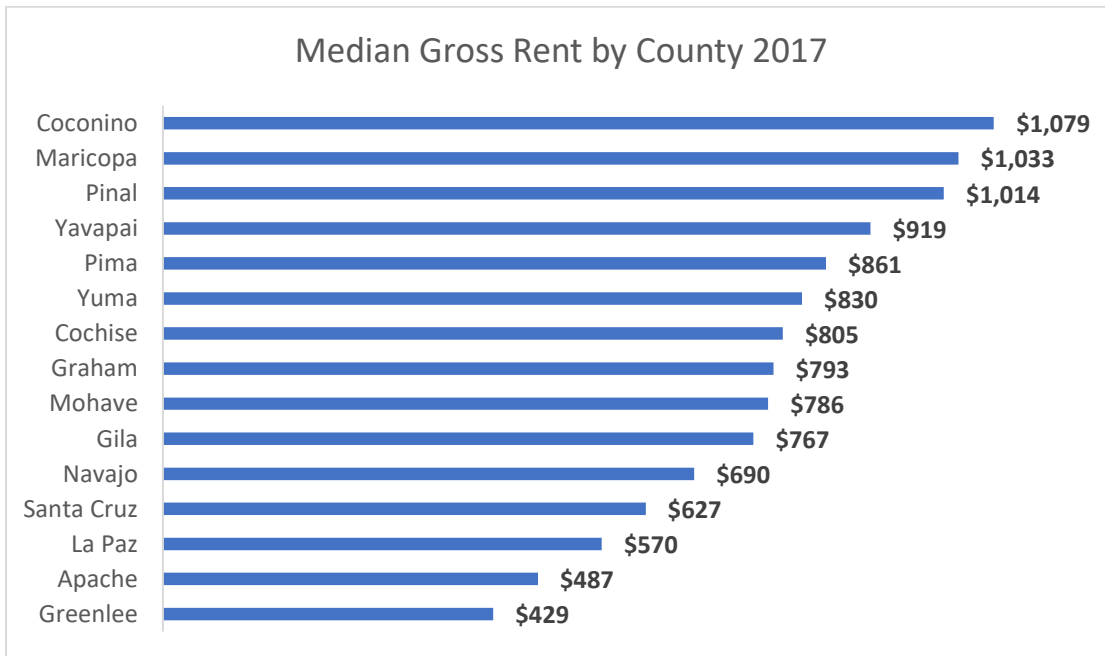
Renting provides the opportunity for households to learn more about a neighborhood or community before making a homeownership investment and provides for mobility among the workforce. For some households, renting is the only choice because the cost of homeownership is prohibitive. Still, renting is chosen over homeownership for a variety of reasons including:

“It is a vicious cycle. People succeed in their transitional housing and have no place permanent to go.”

Interviewee

- Renting may be less expensive than owning, especially during the first five years.
- Rental units are maintained and repaired by their owners, so unplanned and sometimes costly repairs are not the renter’s responsibility.
- Renting carries less financial risk, especially in volatile markets.

Median monthly gross rents are highest in Coconino county at \$1,079, followed by Maricopa county at \$1,033 and Pinal county at \$1,014. The most affordable monthly rents are in Greenlee county at \$429/month and Apache county at \$487/month.



Housing Cost Burden

Cost burden is defined as paying more than 30% of gross household income for total housing cost (rent or mortgage plus utilities). Lower-income households who are cost burdened may have little remaining to pay for the essentials – clothing, food, transportation and child care, while higher income households may choose to pay more for housing without sacrifice.

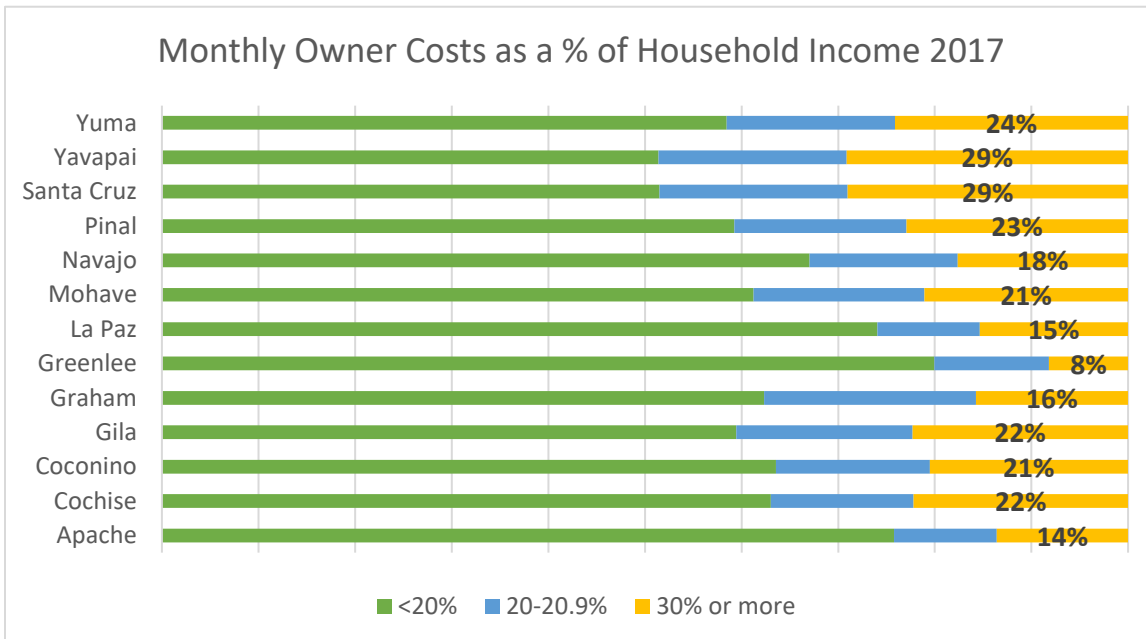
“Lower-income families with children have no affordable renting options and are forced to live in costly, substandard housing.”

Interviewee

Owner Cost Burden

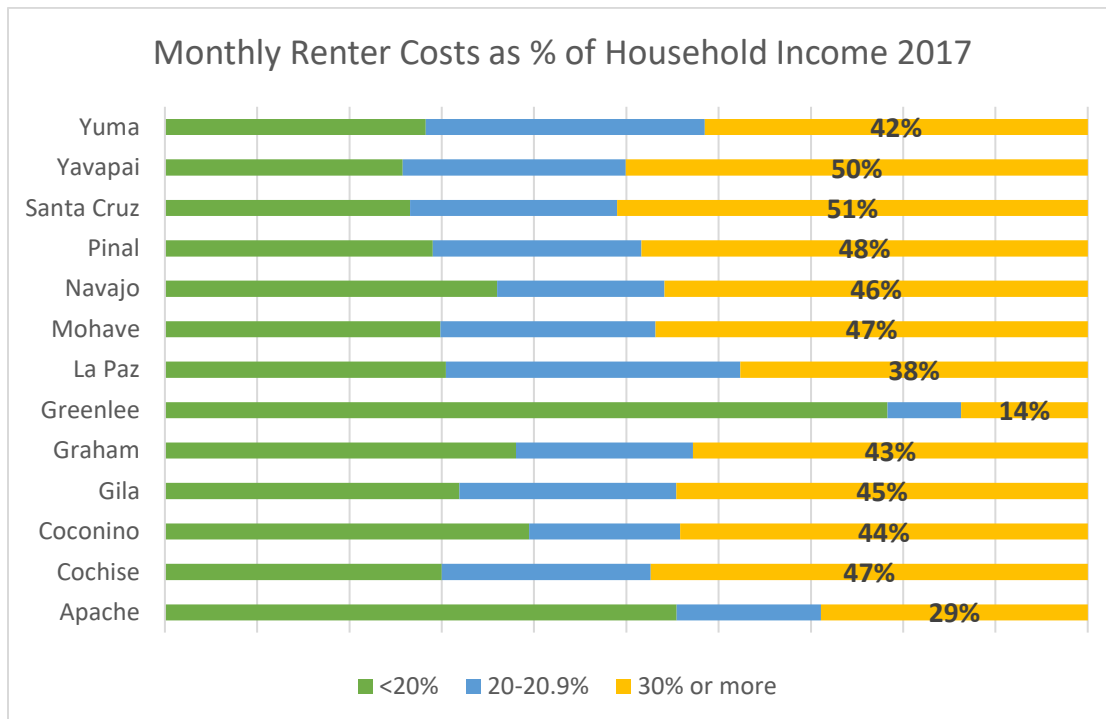
Cost burdened homeowners are often challenged to maintain their properties. Deferred maintenance may lead to failure of major housing systems, loss of home equity, and deterioration of neighborhoods and communities. While owners at all income levels experience cost burden, it is more prevalent among lower-income owners.

Statewide there were 326,393 housing cost burdened homeowners, including 61,065 in nonmetro counties. Twenty-three percent (23%) of both metro and nonmetro homeowners are housing cost burdened. Metro homeowners (60%) are more likely to pay less than 20% of their income for housing costs than are nonmetro homeowners (56%). Homeowners in Santa Cruz and Yavapai counties are more likely to be housing cost burdened (29%) than are owners in other nonmetro counties.



Renter Cost Burden

Statewide there were 229,233 housing cost burdened renters, including 42,887 in nonmetro counties. Forty-five percent (45%) of renters in nonmetro Arizona are housing cost burdened, compared to 35% of renters in metro Arizona. Just as homeowners in Santa Cruz and Yavapai counties are more likely to be housing cost burdened, so are renters. Fifty-one percent (51%) of Santa Cruz county renters are housing cost burdened, as are 50% of Yavapai county renters. The highest proportion of cost burdened renters is in Pima county, where 53% of renters are cost burdened. The lowest rates of renter cost burden are in Greenlee county (14%) and Maricopa county (28%).



Because minorities are more likely to rent, they experience higher rates of cost burden. High rental costs among minorities may also hinder mobility and therefore access to opportunity.

“Development just isn’t happening in our downtowns and older neighborhoods. People who can afford to move to new development are leaving – the people who are left behind are impoverished, have few housing options and even fewer economic opportunities. We have to find a way to make our downtowns and main streets socially and economically viable.”

Interviewee

Mobility

In 2017, 18.2% of the people residing in Arizona, or more than 1.2 million people moved. African American, Pacific Islander and people identifying as some other race alone were the most likely to have moved.

Pima county residents were the most likely to move within the county (14.7%), and Apache county residents the least likely (3.2%). Proportionate to population, movers from out of state were most likely to have moved to Mohave county and Coconino county, where expanding employment and education opportunities are contributing to demand.

Strategies to increase mobility are an important tool for providing opportunity, especially when combined with investment in distressed areas to increase opportunity for people who prefer not to move.

Mobility by Race and Ethnicity nonmetro Arizona 2017						
White non-Hispanic	White Hispanic	African American	Native American	Asian	Pacific Islander	Other Race
17.6%	16.6%	26.2%	14.2%	20.9%	26.8%	19.7%



Geographic Concentrations

A history of institutionalized race-based housing policies, patterns of in-migration, and lending practices that negatively impact minority homebuyers have all contributed to minority concentration areas. Recent research into the history of housing segregation provides insight into how government policies influenced development patterns and access to capital and credit. These policies have had a lasting impact on wealth accumulation and housing opportunity.

According to a study by the National Community Reinvestment Coalition, from 1935 to 1939, government surveyors interviewed local officials and bankers in 239 cities to document what local lenders considered credit risks in different neighborhoods. A primary driver of the grading system was the racial and ethnic makeup of neighborhood's residents²¹. The Homeowners Loan Corporation (HOLC) marked entire communities in red ink where they deemed the influx of racial and ethnic minorities as credit risks. The maps are still known for those red lines and "redlining" is now a modern term for discrimination in housing and lending.

The HOLC maps demonstrated how local banks defined credit risks based on neighborhoods rather than on an individual's ability to repay a loan. In short, they documented institutionalized discrimination. Today, they graphically display how racism was embedded into the structure of American cities from at least the 1930s until 1968, when the Fair Housing Act abolished redlining and banned racial discrimination in housing. Because Arizona was not highly populated, the HOLC did not develop redlining maps.

Research points to aggressive high-cost lending in minority markets²², which increases borrowers' exposure to pricier loans, decreases potential wealth accumulation, and increases the risk of future foreclosure. A 2011 report using data collected by the Pew Research Center notes that accumulated wealth of Blacks and Hispanics was disproportionately affected by the 2006 collapse of the housing market and the recession that followed. In 2009, 25% of Blacks and Hispanics had no assets other than a car, compared to 6% of whites²³.

²¹ HOLC "redlining" maps: The persistent structure of segregation and economic inequality. Bruce Mitchell Phd and Juan Franco, National Community Reinvestment Coalition. March 20, 2018.

²² What Drives Racial and Ethnic Differences in High Cost Mortgages? The Role of High Risk Lenders. Patrick Bayer, Fernando Ferreira, Stephen L. Ross Working Paper. National Bureau of Economic Research February 2016

²³ Kochhar R, Fyr R, Taylor P. Wealth Gaps Rise to Record Highs Between Whites, Blacks, and Hispanics. Washington, DC: Pew Research Center, Pew Social & Demographic Trends; July 26, 2011.



In *The Color of Law: A Forgotten History of How our Government Segregated America*, Richard Rothstein explains how the housing programs begun under the New Deal provided housing to white, middle- and lower-middle class families in suburban communities and effectively pushed people of color into urban housing projects. Initially, public housing was developed for whites only in cities across the country, with some separate projects built for African Americans. While there were long waiting lists for African American projects, white projects had higher vacancies and were eventually opened up to African Americans. The vacancies in white projects were mostly created by the Federal Housing Administration (FHA) program to suburbanize America, with the FHA subsidizing builders to create “white-only” subdivisions. As industry left the cities for the suburbs, African Americans became poorer and public housing became subsidized housing for poor people, rather than housing for working-class people.

Minority Concentration Area Maps

The maps on the following pages show minority concentration Census Tracts. Minority concentrations are defined as Census Tracts where the proportion of people who are not White alone exceeds the county proportion (less Indian Reservations) by 10% or more. Analysis of the data reveals concentrations of racial and ethnic minorities combined, and concentrations of Hispanics. Native American concentrations are found in census tracts adjacent to tribal lands.

Racially/Ethnically Concentrated Areas of Poverty

HUD has developed a census tract-based definition of racially/ethnically-concentrated areas of poverty or R/ECAPs. The definition involves a racial/ethnic concentration threshold and a poverty test. R/ECAPs must have a non-white population of 50% or more and a poverty rate of 40% or more. Nonmetro Arizona includes 21 R/ECAPs – one in Santa Cruz county (census tract 9661.03) and twenty on Tribal Lands in Apache, Coconino, Gila and Navajo counties.

MAP INTERPRETATION

Readers should use caution in interpreting areas of concentration. Many areas defined as concentrations cover a relatively small population in a vast geography.

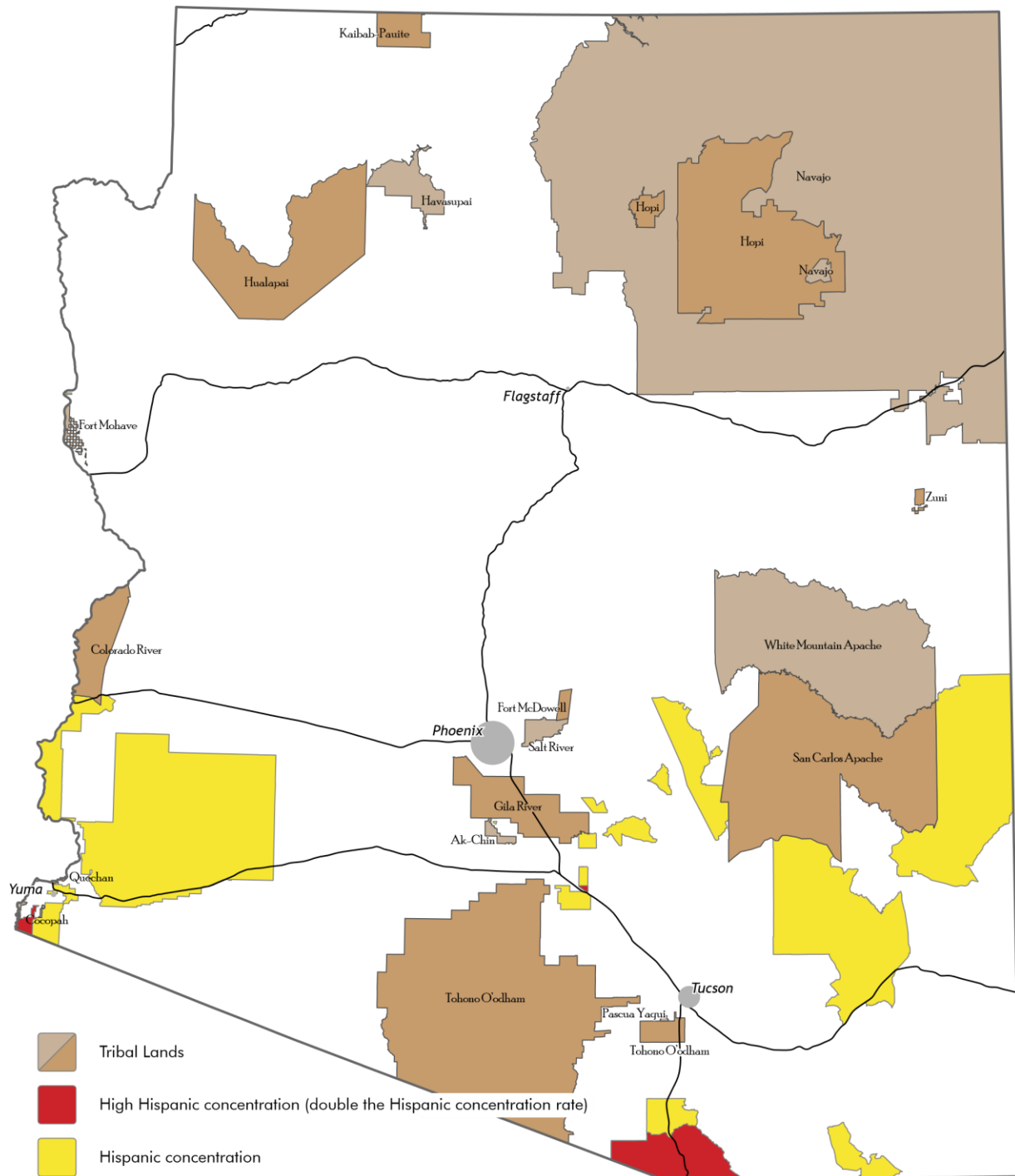
Arizona’s Balance of State Census Tracts cover an average area of 297 square miles each, have an average population density of 925 people, and an average housing density of 437 units.

Seventeen (17) of the identified areas of minority concentration contain fewer than 100 people per square mile, with 11 of the concentration areas containing fewer than 20 people per square mile.



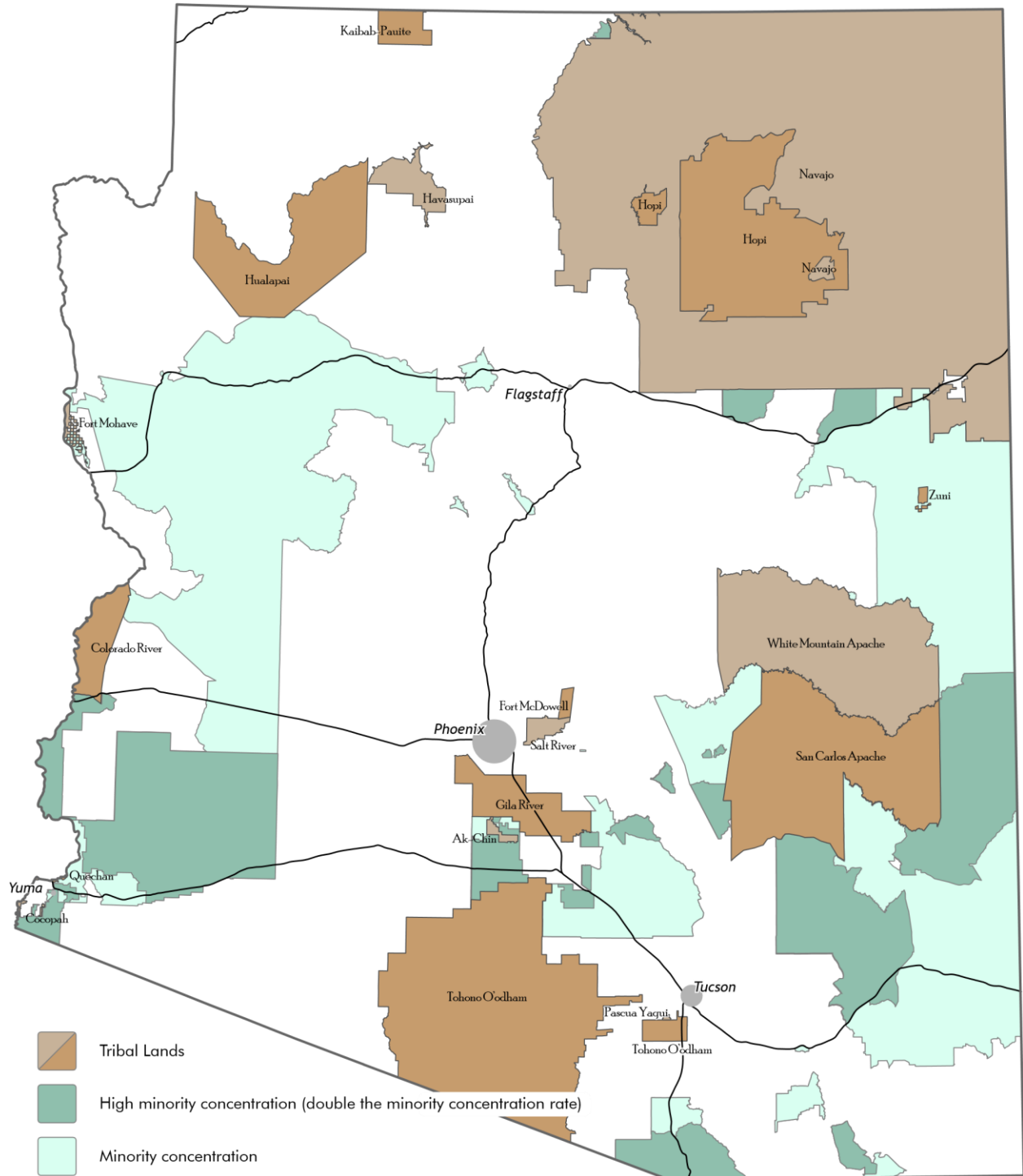
Hispanic Concentration Map

Hispanic concentration tracts are those where the percentage of the population that is not Hispanic exceeds the percentage of the population in the county that is Hispanic by at least 10%.



Minority Concentration Map

Minority concentration tracts are those where the percentage of the population that is not White alone exceeds the percentage of the population in the county that is not White alone by at least 10%.



Community and Stakeholder Engagement

To better understand the perspective of community members and stakeholders regarding fair housing, housing choice, and improving access to opportunity, an online survey, interviews, a discussion with property managers, and a public meeting were conducted.

Survey

A survey was created to gather information from community members and stakeholders about fair housing, housing choice and access to opportunity, barriers to housing development, what could be done to prevent housing discrimination, and how best to raise awareness of fair housing. The survey was distributed in English and Spanish online through the Arizona Department of Housing website and advertising was conducted through community action agencies to broaden participation. The survey received 92 responses.

Experience of Housing Discrimination

One half of survey respondents had experienced housing discrimination, or knew someone who had experienced housing discrimination. The most frequently cited types of housing discrimination encountered were:

1. Refusing, discouraging or charging more to rent an apartment or buy a home, and
2. Discrimination based on disability: Refusing to make a reasonable accommodation for a person with a disability, refusing to allow a modification to make an apartment more accessible for a person with a disability or lack of accessible units.

Seventy percent (70%) of housing discrimination was encountered at an apartment complex or individual housing unit available for rent, and 30% in the for-sale market and at lending institutions.

Prevalence of and Types of Housing Discrimination

Eighty-seven percent (87%) of survey respondents believe that housing discrimination is occurring or likely occurring in their local area. Of respondents who believe housing discrimination is or is likely occurring, the most often cited types of discrimination were:

1. Refusing, discouraging or charging more to rent an apartment or buy a home (36%);
2. Discrimination based on disability: Refusing to make a reasonable accommodation for a person with a disability, refusing to allow a modification to make an apartment more accessible for a person with a disability or lack of accessible units (33%);



3. Predatory lending: unfair, misleading, deceptive or fraudulent loan practices (25%); and
4. Refusing or making it hard to get a loan to buy or refinance a house or take out home equity by doing things like charging more money or offering a worse deal than someone should be able to get if he or she shopped around (20%).

Knowledge of Fair Housing Laws

Six of ten (61%) respondents felt either very informed or somewhat informed about housing discrimination. As a result, seven of ten respondents would report housing discrimination if encountered and would contact HUD or the Arizona Attorney General’s Office. Still, one quarter of respondents would not know what to do or who to report to.

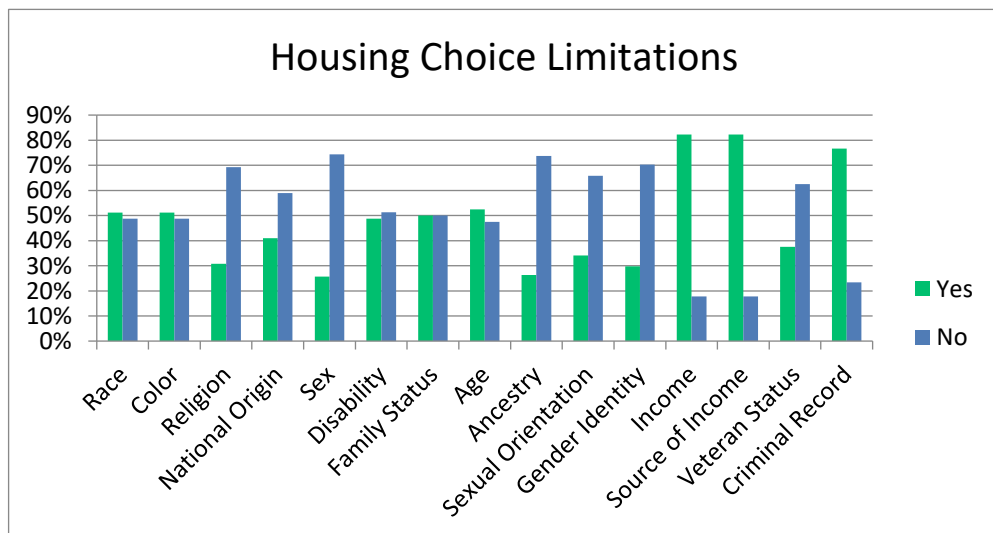
Slightly more than half of respondents indicated they were familiar with fair housing services or programs in their area or had seen or heard information about fair housing in the community. Of those who were familiar with or had seen or heard information about fair housing, they had acquired information at a public event or fair housing posters, pamphlets or brochures.

When asked how to best reach people with fair housing information, three quarters of respondents cited social media as the most effective method; six of ten cited fair housing information in public places and television announcements as effective methods. Other respondents suggested internet advertisements and fair housing brochures provided to loan and rental applicants.

Affordable Housing Supply and Barriers to Housing Choice

Nine of ten respondents indicated the supply of affordable housing is inadequate to meet the needs of the community, including people with disabilities and families. When asked about

limitations on housing choice, respondents most often cited income, source of income and criminal record as barriers to housing choice.



Interviews

Twenty-five phone and in-person interviews were conducted. Interviewees included representation from 12 of the 13 counties in nonmetro Arizona and a cross-section of community members, stakeholders from the private housing industry, community organizations and government departments who were asked about:

1. Barriers to housing choice and opportunity and the impact of those barriers on protected classes or other groups of people;
2. The connection of housing problems with employment, education, transportation, environmental hazards, crime, and health;
3. How the ADOH could best support local efforts to affirmatively further fair housing; and
4. Actions that the ADOH could take to address barriers and increase housing choice.

Interview questions are included in Appendix 2. Quotes from the interviews are also found throughout this Analysis.

Barriers to Housing Choice

Interviews revealed multiple interrelated barriers to housing choice as reflected in the data analysis:

1. **Availability.** The availability of decent affordable housing, particularly rental housing was discussed by the majority of interviewees as the primary barrier to housing choice, regardless of a household's protected class status. Interviewees identified families with children, people with disabilities, seasonal employees and people with limited incomes as those most often impacted.
2. **Aging substandard housing stock.** In many communities, the housing stock is aging. The aging housing stock leads to challenges for people with disabilities as most older housing is not accessible and often cannot be modified to meet needs. People aging in place are also impacted by the inability to make necessary accessibility improvements. Several interviewees discussed the high volume of uninhabitable housing, which disproportionately impacts families with children and areas with a high minority population. The aging housing stock exposes people to lead, asbestos and mold contributing to illness and high health care costs.



3. Pre-HUD manufactured homes and mobile home parks. Age-restricted mobile home parks and the aging supply of mobile homes pose a problem for many areas of Arizona. In areas developed to attract “snow birds”, the significant supply of mobile homes for older adults has led to a limited supply of housing for the workforce. In other areas, the only supply of affordable housing is seller-financed older mobile homes that do not meet HUD standard. Families often purchase these homes and later find themselves unable to make both the payments and the space rent. Because the units cannot be moved to another site, the units are foreclosed and then resold to another family. Other interviewees discussed entire small mobile home parks with inadequate infrastructure and the challenges with relocation as there are few other housing options, no resource for renters who don’t own their unit, and no places to which a unit can be moved. These barriers present the greatest challenges for families, seasonal employees, and immigrants.

Interviewees discussed the primary challenges to addressing barriers to housing choice:

1. Insufficient land with infrastructure and appropriate zoning. In many rural areas the limited supply of privately-held land available for development is a challenge to providing safe and affordable housing. Land with infrastructure in municipal limits is expensive, while land outside municipal limits lacks expensive infrastructure. In some areas, aging infrastructure and the limited capacity of water and sewer systems prevent additional housing from being developed. Still in other areas, insufficient land is zoned for higher-density development and community opposition to higher-density housing limits rezoning potential.
2. Local government and nonprofit capacity. Nearly all of the interviewees expressed their inability to demonstrate demand to attract private investment, limited staff expertise in affordable housing development and developer negotiations, and the resulting lack of access to financing as the primary challenge to addressing the affordable housing shortage. There are few nonprofit organizations with development expertise or adequate staffing to invest in time-intensive development activities across large areas or in more isolated markets.
3. Income disparity. The growing gap in income between people migrating to rural areas and the workforce has placed demands on housing markets throughout the Arizona Balance of State. Private sector development is addressing the demand for housing from higher-income households, while leaving lower-income households with fewer choices beyond the older and substandard housing stock. In other areas, development cannot keep up with demand, leading to critical shortages of health care, education and public safety personnel.



4. Transportation and transit. Large geographies limit access to transit services and increase the cost of transportation. In many areas, transit and transportation services have limited hours that cannot accommodate low-income workers who often have sporadic and non-traditional work hours. In other areas, the use of public transportation is too costly and time-consuming to utilize, requiring days off to accommodate medical travel.
5. Financial literacy. Many interviewees discussed how the lack of financial literacy leads to poor budgeting and places households at risk of eviction, foreclosure and predatory lending and renting practices. Rent-to-own schemes are becoming more prevalent and impact Native Americans, Hispanics and low-income families disproportionately. Several interviewees identified online housing education programs as inadequate in providing the skills necessary to successfully manage finances and attain housing stability.
6. Language. The large number of non-English speakers in Arizona's border counties often requires bi-lingual staff. Language is a significant barrier in the lending market as there are too few bi-lingual loan officers to work with the Spanish-speaking population.

State Actions to Mitigate Barriers to Housing Choice

When asked what actions the State could take to mitigate barriers to housing choice, interviewees most often discussed technical assistance and the need for dedicated financing:

1. Technical Assistance. Nearly all interviewees expressed their lack of development knowledge and how to find the necessary resources, package financing and work with developers. Interviewees suggested dedicating State staffing to build local or regional capacity combined with dedicated financing and the removal of program barriers as necessary. Other interviewees discussed the need for the State to provide visible leadership in bringing together stakeholders to build locally-driven solutions. Several interviewees suggested that more technical assistance was needed to understand how to use CDBG funds to support rental development, with one interviewee suggesting that CDBG special projects funding be dedicated to the support of rental development. Another interviewee discussed their need for technical assistance rather than the administrative assistance provided through the Council of Governments COG system.
2. Dedicated Financing and Funding. Many of the interviewees discussed the need for dedicated financing for smaller rental housing projects, citing the challenges with building LIHTC projects to scale. Still more interviewees felt that the State

should dedicate its housing resources to areas outside of Maricopa and Pima counties, where resources were already available for affordable housing. One interviewee suggested that interest rate buydowns be provided to help households interested in purchasing a home using the Home Plus program. Another interviewee suggested loan guarantees as a mechanism to reduce private-sector investment risk.

Fair Housing Education

The majority of interviewees involved in the housing industry felt confident they had the training and education necessary to assist people with potential housing discrimination issues. Planning and zoning staff and economic developers were less likely to have fair housing knowledge. When asked how best to educate consumers, most interviewees agreed that the individuals and families that seek their assistance are in crisis and not receptive to fair housing education. Like survey respondents, interviewees identified social media as the most effective method of creating awareness of fair housing. Interviewees also suggested multiple locations that could increase exposure to fair housing information and increase the likelihood that consumers would recognize housing discrimination and report it, including schools, AZ Department of Economic Security locations, and Arizona Works One-Stop employment locations.

Property Managers Discussion

A discussion regarding fair housing was held with over 100 managers of Low-Income Housing Tax Credit projects attending a compliance training. Property managers identified housing affordability and availability as the most significant barriers to housing choice throughout the state. In some communities, market demand is so high that waiting lists could fill all units three times over; there is no opportunity to refer individuals elsewhere for assistance.

Property managers shared that people who are very-low income or had fixed incomes (seniors and people with disabilities) were most likely to be impacted by these barriers. Property managers also shared that they believe people of color and/or of Hispanic origin are disproportionately impacted by the low supply of affordable housing. Legal immigration status is an issue for many lower-income households.

Other barriers identified by property managers were technology, complexity, and lack of consumer education. Technology is a barrier because many of the lowest income households do not have access to a computer or internet and these are necessary to find housing options and sometimes to secure housing. The complexity of affordable housing requirements is often



difficult for people to understand and may result in many follow-up conversations. Property managers also felt that many consumers are unaware of their fair housing rights and that additional outreach and education is necessary.

Public Meetings

In coordination with its 5-year HUD Consolidated Plan consultation process, the ADOH held two public meetings to identify priorities to promote economic prosperity and housing opportunity among people regardless of income, race, color, religion, sex, national origin, familial status or disability. The meetings were attended by 49 local government, nonprofit and private sector representatives and members of the public. Participants in the meetings identified a range of housing barriers for low-income Arizonans, expressing potential fair housing issues for Veterans, seniors, people with disabilities and people with criminal histories. Meeting participants made multiple suggestions regarding fair housing and program policies and procedures including home modifications to support people aging in place, incentives to make housing ready for accessibility modifications, increasing fair housing education, and shared housing approaches.

Assessment of Current and Private Fair Housing Activities

HUD Complaint Data

The HUD Fair Housing and Equal Opportunity Office reported 968 complaints in Arizona and 66 complaints in the Balance of the State between January 1, 2015 (since the 2015 AI), and July 18, 2019. Complaints may have more than one basis, and the total number of complaints filed in the Arizona Balance of State was 75. One in four complaints was from non-entitled areas of Yavapai county. Five complaints were filed in each of three cities – Apache Junction (Pinal county), Bullhead City (Mohave county), and Sedona (Yavapai county).

Two-thirds of complaints (67%) were on the basis of disability. Familial status was a basis for 12% of complaints, and race or national origin was the basis in 6% of complaints. One in five complaints included retaliation (punishing or otherwise striking out against someone for filing a complaint). Examining the issues leading to the complaints revealed:

- 26% involved failure to make a reasonable accommodation;
- 16% involved discrimination in terms/conditions/privileges relating to rental;
- 14% involved discriminatory terms, conditions, privileges, or services and facilities; and
- 11% involved discriminatory refusal to rent.

Fair Housing Complaints Originating in Arizona Balance of State January 1, 2015-July 18, 2019						
	2015	2016	2017	2018	01/01/19 – 07/18/19	Total
Total	13	17	14	19	12	75
Race	0	0	1	4	1	6
Color	0	0	0	0	0	0
National Origin	1	1	1	2	1	6
Sex	0	1	1	2	0	4
Disability	9	11	10	11	9	50
Religion	0	0	0	0	0	0
Familial Status	3	4	1	0	1	9
Retaliation	1	2	3	4	4	14



HUD Complaint Disposition Data

HUD’s records show 66 fair housing complaints were closed between January 1, 2015 and July 18, 2019. Of the closed complaints, 27% were successfully conciliated or settled and an additional 9% were withdrawn with resolution, meaning that the complainant reached an agreement with the defendant providing appropriate relief. The majority (73%) of closed complaints included disability and failure to provide a reasonable accommodation as a basis.

One half of complaints were found to have no cause. The low number of complaints that result in a cause finding may indicate a low number of meritorious complaints or the need for assistance from Fair Housing Initiative Programs that can help complainants navigate the complaint filing process and communicate the nature of their complaint with investigators.

Disposition of Fair Housing Complaints in Arizona Balance of State from 01/01/15 to 07/18/19						
	2015	2016	2017	2018	01/01/19 07/18/19	Total
Total	8	14	14	19	11	66
Administrative Closure	1	1	2	1	1	6
Conciliated	2	6	7	2	1	18
No Cause	5	5	4	13	6	33
Withdrawn with Resolution	0	1	1	2	3	7
Withdrawn without Resolution	0	1	0	1	0	2
Note: Disposition of complaints may occur in a year other than when filed. Source: HUD Region IX Fair Housing and Equal Opportunity Office						



Southwest Fair Housing Council Fair Housing Testing

The Southwest Fair Housing Council (SWFHC) conducts tests and processes hundreds of fair housing inquiries annually. SWFHC’s records provide a baseline of knowledge that, when combined with other data, show fair housing trends and areas of concern.

Fair housing testing can be used to investigate and support a fair housing complaint or can be done systematically. It is a controlled method of comparing the quality of information and services provided to a matched-pair of testers. One tester is used as a control and the other tester represents one of the protected classes (race, color, national origin, sex, religion, disability, or familial status). The testers are matched in every other socioeconomic category so it can be determined whether differences in treatment are due solely to the protected class difference. Depending on the nature and needs of a test, single testers or more than a matched pair of testers may also be used. Testers are provided specific assignments for each test and fill out detailed analysis sheets upon completion. Tests are also recorded to ensure accuracy of results.

From January 1, 2016 through December 31, 2018, SWFHC tested 742 complaints in nonmetro Arizona. The largest volume of complaints was disability related (38%), followed by national origin (30%) and race (26%). Testing can result in a finding of “supports allegations” when a fair housing violation is found and “does not support allegations” when a violation is not uncovered. One of five (21%) tests found that allegations were supported, with a higher percentage (28%) for disability. Testing on national origin and race were less likely to find that allegations were supported.

SWFHC Fair Housing Testing Results nonmetro Arizona (January 1, 2016 – December 31, 2018)									
	2016	2017	2018	Supports		Does Not Support		Total	
				No.	%	No.	%	No.	%
Race	84	70	36	29	15%	161	85%	190	26%
Color	0	0	0	0	n/a	0	n/a	0	0%
National Origin	105	114	5	40	18%	184	82%	224	30%
Sex	0	4	0	0	0%	4	100%	4	1%
Disability	167	73	39	78	28%	201	72%	279	38%
Religion	0	0	1	1	100%	0	0%	1	0%
Familial Status	13	19	12	8	18%	36	82%	44	6%
	369	280	93	156	21%	586	79%	742	



Southwest Fair Housing Council Inquiries

SWFHC is also a referral agency that provides fair housing and other housing referrals to housing providers and the public free of charge. From January 1, 2016 through December 31, 2018, SWFHC processed 482 inquiries in nonmetro Arizona. Of the inquiries, three quarters (76%) were disability related, while 9% were related to race and 8% to national origin.

	2016	2017	2018	Total	% of Inquiries
Race	10	24	11	45	9%
Color	0	4	1	5	1%
National Origin	5	14	18	37	8%
Sex	2	1	4	7	1%
Disability	96	161	107	364	76%
Religion	0	2	1	3	1%
Familial Status	9	4	8	21	4%
	122	210	150	482	

If an inquiry is fair housing based, SWFHC first counsels the inquirer or housing professional on how to resolve their issue according to the Fair Housing Act. This is especially common when resolving disputes concerning reasonable accommodations and modifications for persons with disabilities in a rental setting. If the inquiry is an Arizona Landlord and Tenant Act dispute or any other type of housing question, SWFHC refers individuals to various agencies and to nonprofit legal assistance.



Home Mortgage Disclosure Act Data

Home Mortgage Disclosure Act Data can provide important information about lending practices and uncover possible patterns of housing discrimination. The Home Mortgage Disclosure Act (HMDA) was enacted by Congress in 1975 and was implemented by the Federal Reserve Board's Regulation C. On July 21, 2011, the rule-writing authority of Regulation C was transferred to the Consumer Financial Protection Bureau (CFPB). This regulation provides aggregate loan data tables for counties, metropolitan statistical areas, metropolitan divisions and institutions that can assist:

- In determining whether financial institutions are serving the housing needs of their communities;
- Public officials in distributing public-sector investments to attract private investment to areas where it is needed; and
- In identifying possible discriminatory lending patterns.

Analysis of Home Mortgage Disclosure Act (HMDA) data for 2017 (the latest year for which complete information was available) was conducted to identify any loan application outcome disparities based on borrower race and ethnicity, gender, and income. The analysis included 12,691 owner-occupied first-lien home purchase loan applications and 8,299 refinancing loan applications outside of Maricopa and Pima counties. Loan application denials, originations and high-cost loan originations were examined. Records with incomplete data were removed from the analysis.

Loan Originations

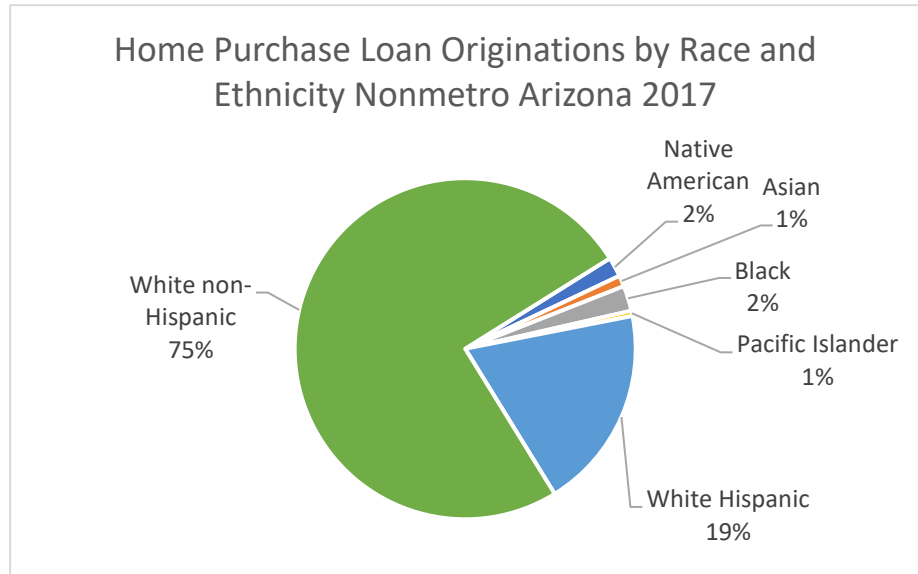
Loans are originated as part of a home purchase or refinance. In 2017, 65% of the analyzed nonmetro Arizona loan originations were for home purchase and 35% were for refinancing. Homeowners typically choose to refinance their mortgage to obtain a lower interest rate and lower their monthly payment, or to tap into home equity, known as a “cash-out” refinancing. When interest rates and home appreciation rise, as was the case in 2017, tapping into equity becomes the primary reason for refinancing. Cash-out refinancing can raise concerns when home values are declining or when homeowners are repeatedly cashing out – market and borrowing characteristics that contributed to the 2007 housing market crisis.



Home Purchase

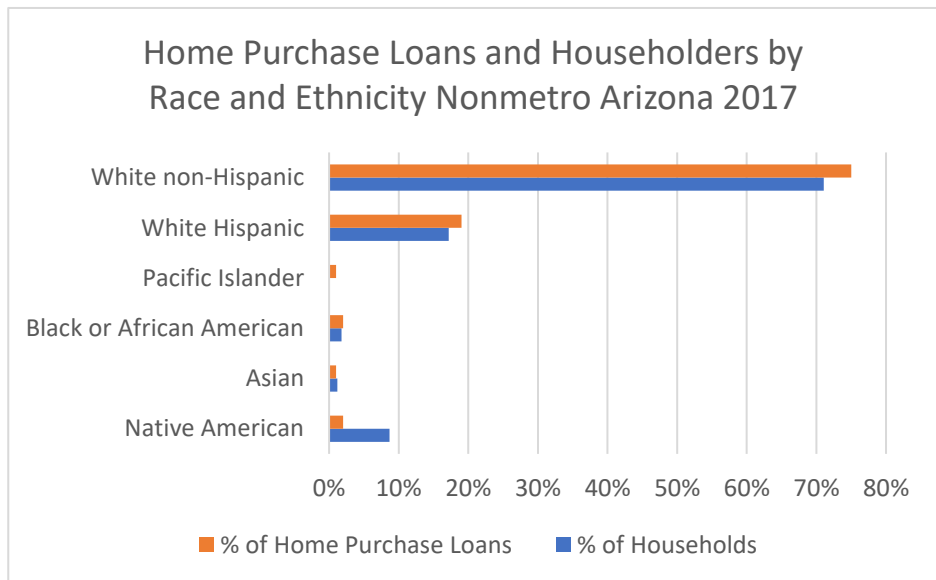
Loan Originations by Race and Ethnicity

Of the home purchase loans originated, 75% were to White non-Hispanic borrowers, 19% were to White Hispanic borrowers, 2% each were to Black/African American and Native American borrowers, and 1% each were to Asian borrowers and Pacific Islander/Native Hawaiian borrowers.



Proportionate to nonmetro Arizona householder race and ethnicity, Black/African American and White Hispanic borrowers are securing home purchase loans at a rate higher than their proportion of households. This means that the homeownership rate among these households is increasing at a higher rate than the homeownership rate for households of other races and ethnicities. Increasing

rates of homeownership among Black/African American and White Hispanic borrowers reflect, in part, the increasing minority population in nonmetro Arizona.

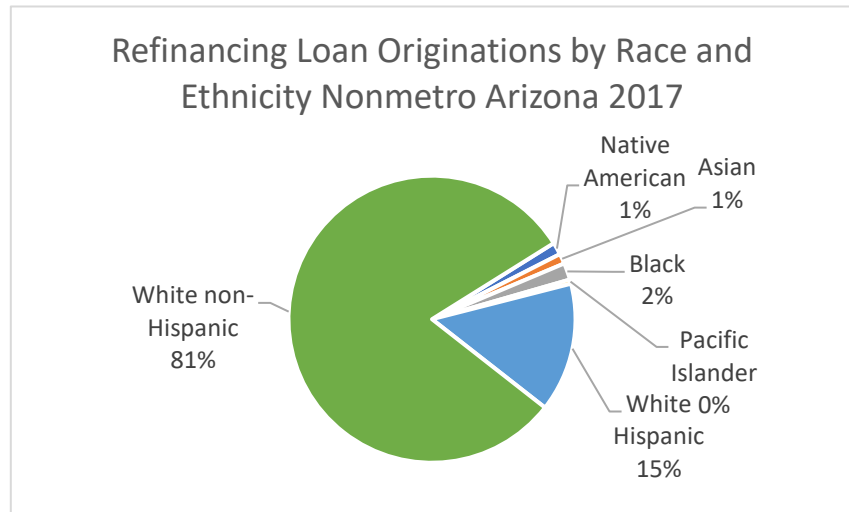


Refinancing

Loan Originations by Race and Ethnicity

Reflecting homeownership rates by race and ethnicity, 81% of refinancing loans were to White non-Hispanic homeowners, 15% to White Hispanic homeowners, and 2% to Black/African American homeowners.

Refinancing loans were examined to determine if homeowners of any race or ethnicity were refinancing at a rate disproportionate with their homeownership rate. This examination revealed that refinancing was generally occurring proportionately across all races and ethnicities.

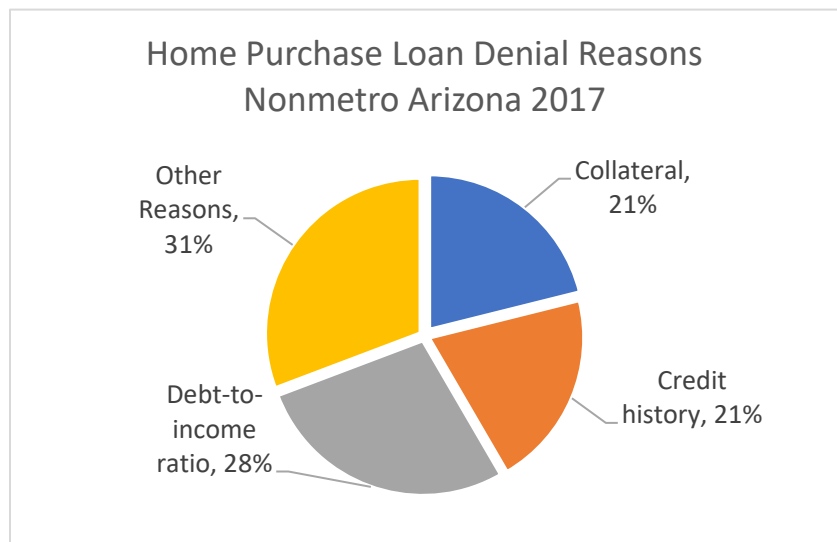


Loan Denials

Lenders may report one or more reasons for loan denial including: collateral, incomplete credit application, credit history, debt-to-income ratio, insufficient cash (down payment, closing costs), "other", employment history and unverifiable information.

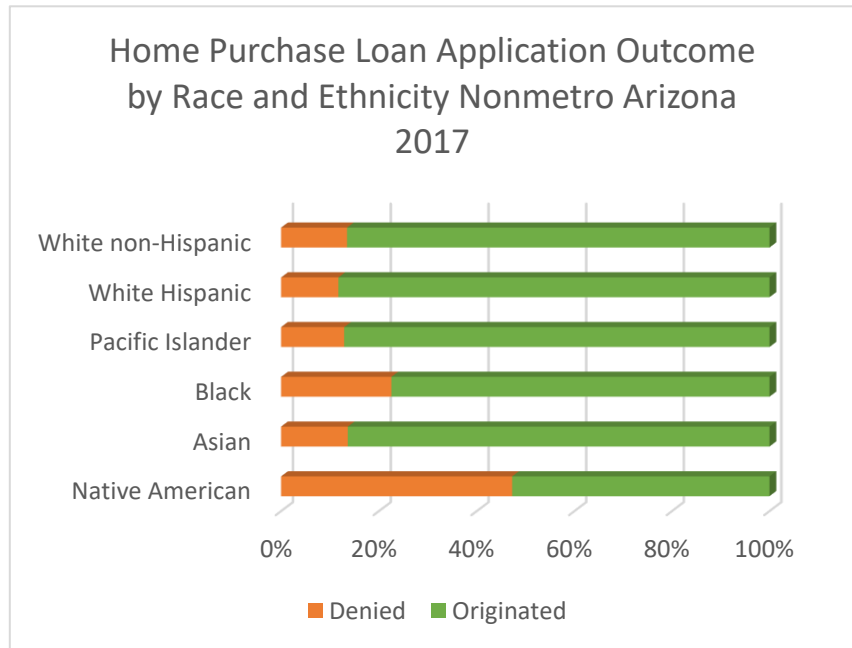
Home Purchase Loan Denial Reasons

Debt-to-income ratio was cited by lenders as the primary reason for 28% of home purchase loan denials, while credit history and collateral were each cited as the primary reason for 21% of denials. Debt-to-income ratio was more often cited as a reason for home purchase loan denial for minority borrowers than for White non-Hispanic borrowers.



Loan Denials by Race and Ethnicity

Native American borrowers were more likely to have their loan application denied than were borrowers of other races and ethnicities; nearly half (47%) of home purchase loan applications made by Native American borrowers were denied. The lowest rate of home purchase loan denials was among White Hispanic borrowers at 12%.

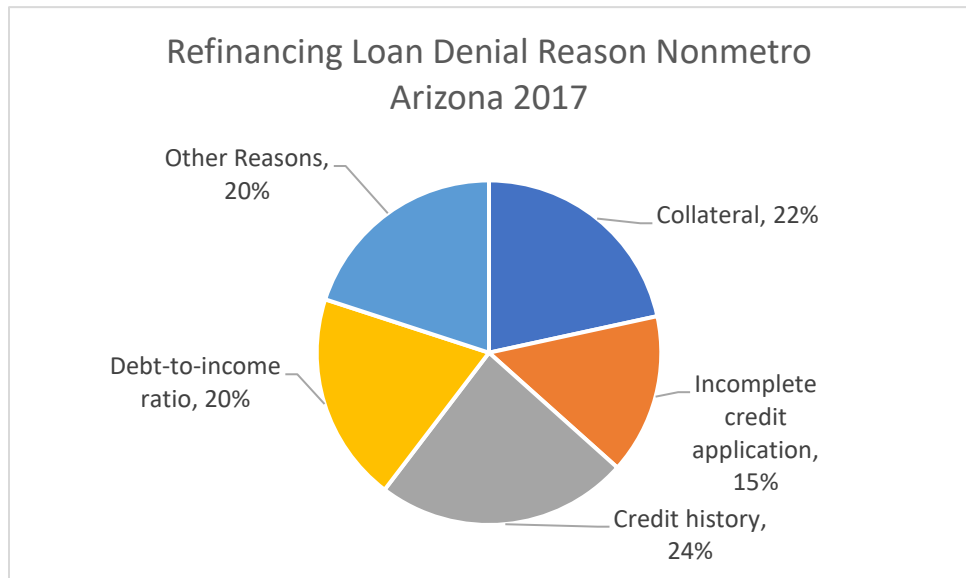


Refinancing

Refinancing Loan Denial Reasons

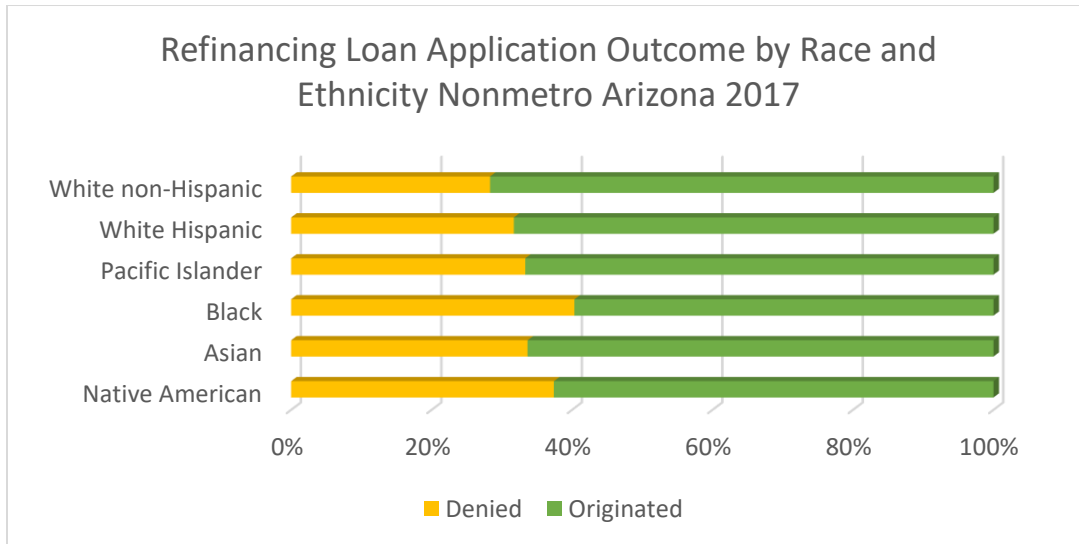
Credit history was cited by lenders as the primary reason for 24% of home purchase loan denials. Twenty-two percent (22%) of refinancing loan denials were for collateral reasons and an additional 20% were for debt-to-income ratio reasons.

Employment history was more often cited as a reason for denial for minority homeowners than for White non-Hispanic homeowners.



Loan Denials by Race and Ethnicity

Black/African American and Native American homeowners were more likely to have their refinancing loan application denied than were borrowers of other races and ethnicities. The lowest rate of refinancing loan denials was among White non-Hispanic homeowners at 28%.



High-cost Loan Originations

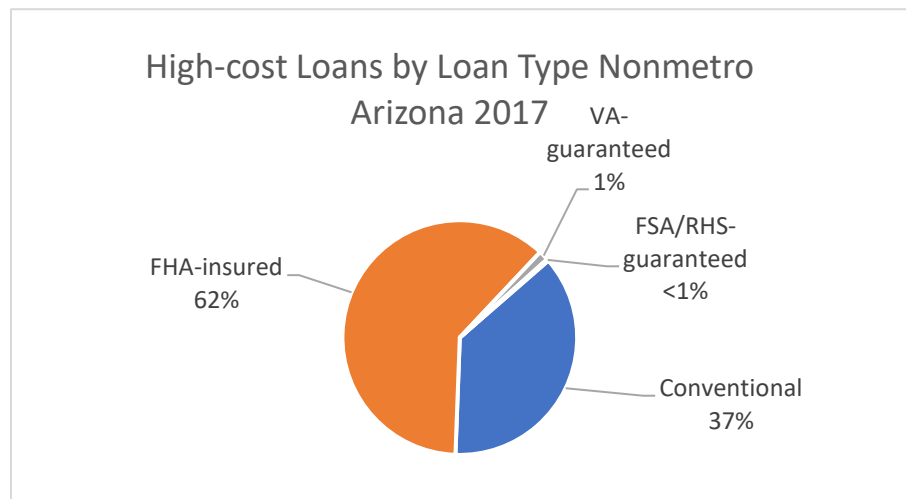
Responsible high-cost lending is an essential part of the mortgage market. It serves legitimate credit needs and provides homeownership opportunities and the potential for wealth generation. High-cost loans were common during the housing boom of the early 2000s and are much less common in today’s market, yet it is important to assess whether high cost loans are disproportionately taken by certain groups.

First-lien mortgages are considered higher-priced or high-cost if the annual percentage rate is 1.5 percentage points higher than the Average Prime Offer Rate (APOR). The APOR is an annual percentage rate that is based on average interest rates, fees, and other terms on mortgages offered to highly qualified borrowers.

High-cost Loans by Loan Type

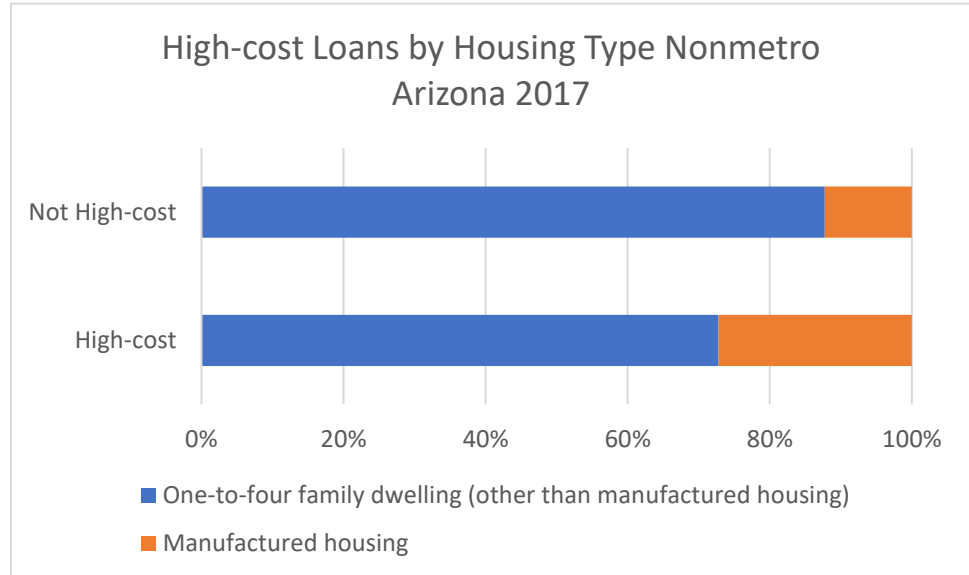
High-cost loans are more common for borrowers with credit imperfections and are most common for FHA-guaranteed loans due to the higher risk associated with lower down-payment and mortgage insurance requirements. Sixty-two percent (62%) of high-cost loans were FHA-insured.

The FHA loan program was created to support low- and moderate-income buyers, particularly those with limited cash saved for a down payment. An FHA loan requires two types of mortgage insurance premium (MIP) – upfront and annual (paid monthly). The upfront MIP is paid at the time of closing and can be rolled into the loan. As of 2018, the MIP is equal to 1.75% of the base loan amount, so a borrower would pay \$3,500 on a \$200,000 loan. Annual MIP payments are made monthly and range from 0.45% to 1.05% of the loan amount depending on loan amount, length of the loan and the original loan-to-value ratio. The average monthly MIP cost is 0.85%, adding \$142 to the monthly payment of an FHA borrower with a \$200,000 loan.



High-cost Loans by Housing Type

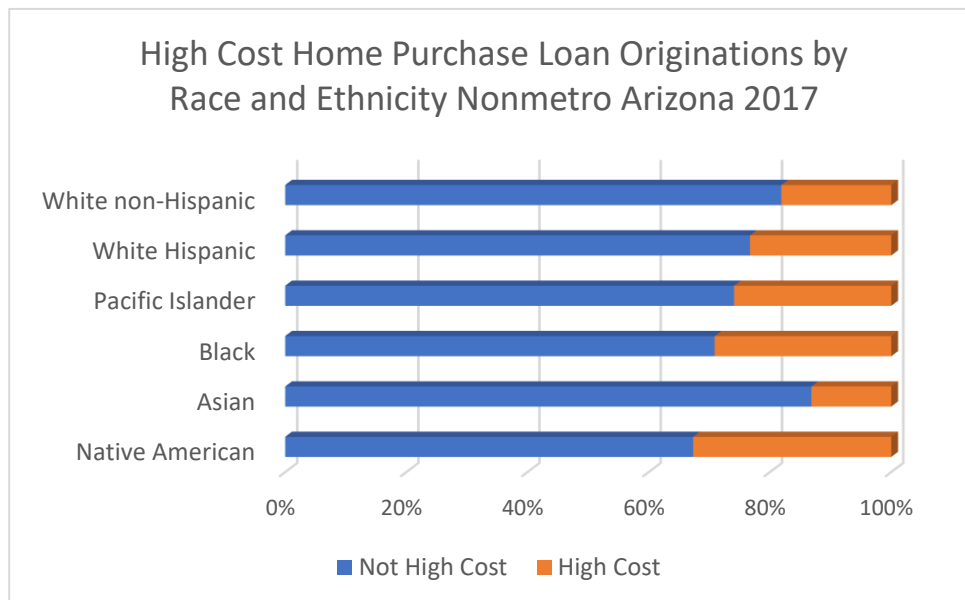
High-cost loans are 2.7 times more likely to be placed on manufactured housing than on single-family one-to-four family dwellings. Sixty-three percent (63%) of high-cost loans to Native American borrowers, who experienced the highest rate of high-cost loans, were for manufactured housing.



Home Purchase

High-cost Home Purchase Loans by Race and Ethnicity

With the exception of Asian borrowers, minority borrowers were more likely to secure a high-cost home purchase loan than were White non-Hispanic borrowers. Native American borrowers were the most likely (33%) to secure a high-cost home purchase loan followed by Black/African American borrowers at 29%.

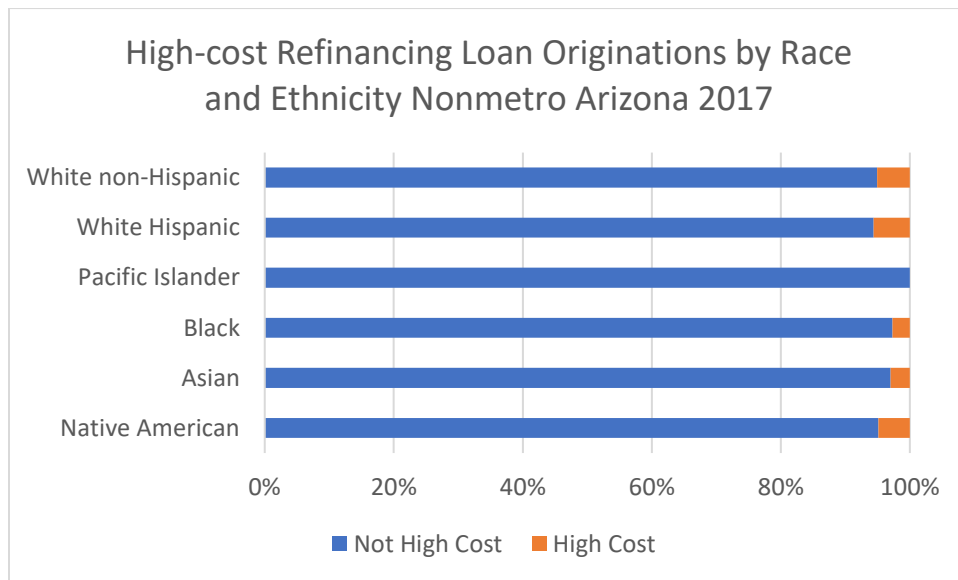


Refinancing

High-cost lending in Arizona is much more common for home purchase loans than for refinancing loans. Twenty percent (20%) of home purchase loans were high-cost compared to 5% of refinancing loans.

High-cost Refinancing Loans by Race and Ethnicity

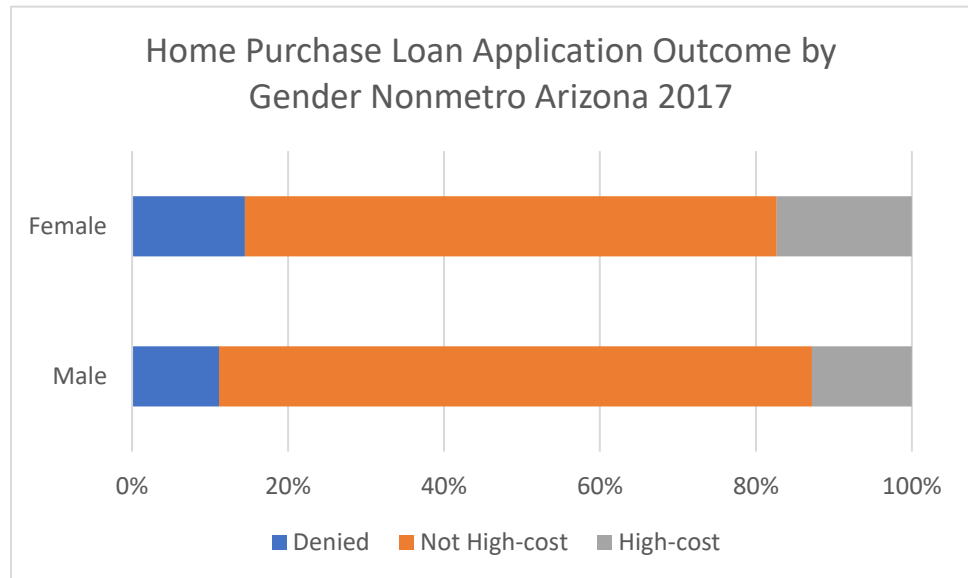
White Hispanic homeowners had the highest rate (5.6%) of high-cost refinancing loans, followed by White non-Hispanic homeowners (5.1%). The lowest rate of high-cost refinancing loans was among Black/African American borrowers at 2.7%.



Loan Denials and High-cost Loan Originations by Gender

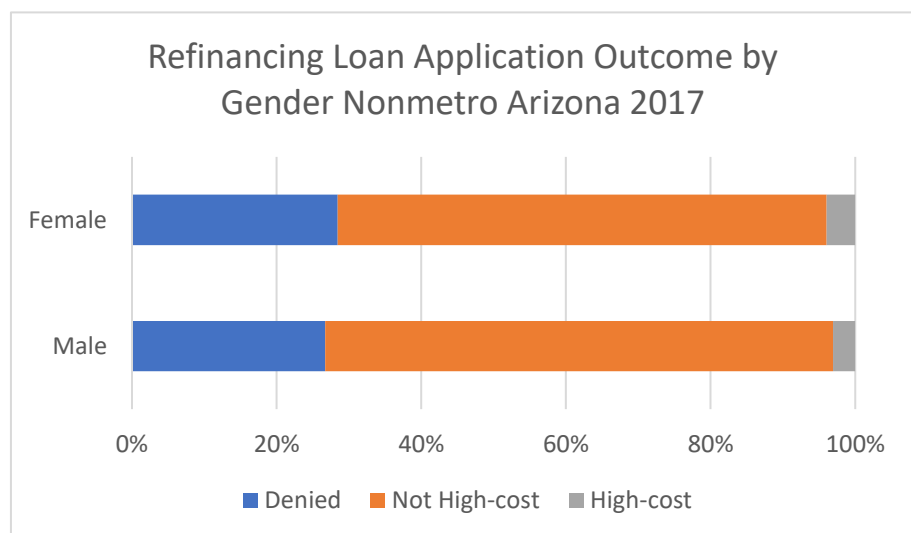
Home Purchase Loans

Females were the primary applicant for 27% of home purchase loans in 2017. The rate of loan denial for female home purchase applicants was 1.3 times that of male applicants, while the rate of high-cost loans was 1.4 times that of male applicants. Female borrowers were more likely to be low-to-moderate income (23%) than were males (15%), and were more likely to be minority (8%) than were males (4%).



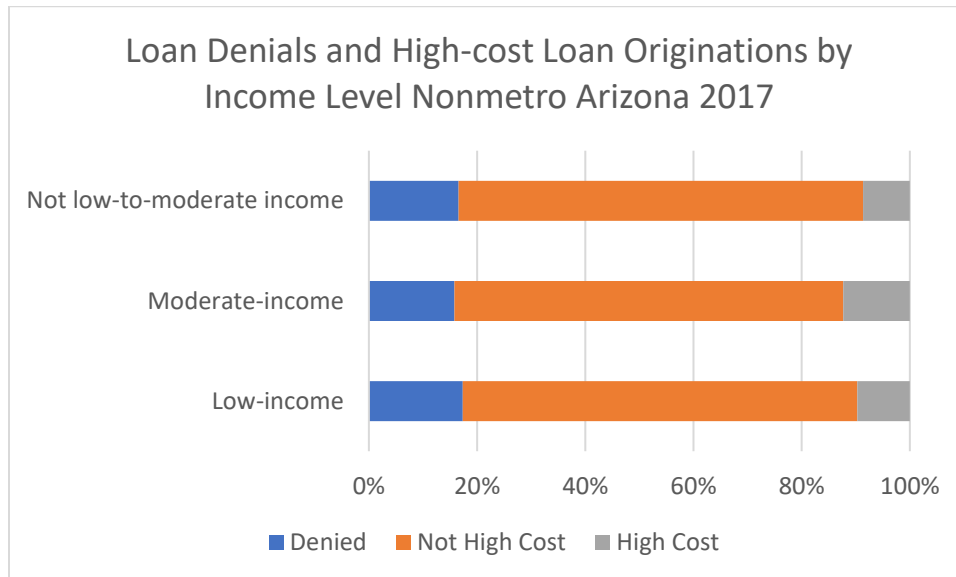
Refinancing Loans

Females were the primary loan applicant for 28% of refinancing loans in 2017. The rate of loan denial for female refinancing loan applicants was slightly higher than that of male applicants, while the rate of high-cost refinancing loans was 1.3 times that of male applicants. Females seeking refinancing loans were more likely to be low-to-moderate income (27%) than were males (14%), and were more likely to be minority (6%) than were males (5%).



Loan Denials and High-cost Loan Originations by Income

The rate of loan denial for low-income loan applicants is 19%, compared to 12% for moderate- and higher-income applicants. Moderate-income borrowers are more likely to receive a high-cost loan (17%) than are borrowers in other income categories. Moderate-income borrowers are also more likely to secure an FHA-insured loan, increasing their exposure to high-cost lending.



The Role of the Secondary Market

Mortgage companies market themselves through a particular feature that becomes identified with their brand. Some mortgage companies clearly become expert in different types of mortgages. This expertise, combined with targeted marketing creates niches for some lenders with low-income and minority borrowers and with government loan products.

While lenders make loans in person or through online processes, the secondary market influences the terms and conditions of mortgage loans. A secondary market for residential mortgages emerged in the 1930s when local and regional demand for mortgage credit did not match the supply of bank depository funds available to make mortgages, leading to surplus mortgage credit in some areas and shortfalls in other areas. Higher interest rates and limited access to financing in some markets led the federal government to purchase mortgages originated by banks. Today, the secondary market relies more on securitization (the packaging of individual mortgages into mortgage-backed securities), which frees up capital for new mortgage lending.



Ginnie Mae guarantees FHA, VA and RHS-insured loans that have underwriting criteria specified by the respective federal agencies. Government sponsored enterprises (GSE), such as Fannie Mae and Freddie Mac, influence loan originations and mortgage terms and conditions by imposing loan limits, credit scores and other types of credit criteria on the loans they purchase through approved participating mortgage lenders. Life insurance companies, credit unions, commercial mortgage and savings banks, and finance companies are also major players in the secondary market.

When an individual applies for a mortgage, the lender feeds application information (credit score, income, liquid reserves, debt-to-income ratio, loan-to-value ratio, property value, etc.), into the GSE automated underwriter system. The GSE underwriter system produces the accept/reject decision. Generally, if the GSE accepts the loan, and the lender and borrower issue the loan, the lender sells the mortgage to the GSE.

Recent research²⁴ suggests that automated underwriting systems have not removed discrimination, but have shifted the mode. Both face-to-face and fintech (online and automated) lenders charge Latin / African American borrowers 6-9 basis points higher interest rates. This research indicates that automated underwriting may result in pricing disparities based on algorithms that use machine learning to target applicants based on the likelihood they will not shop around for another loan and other demographic factors.

Manufactured Housing Lending

Manufactured housing is an important source of affordable housing for low- and moderate-income households in the Arizona Balance of State. Purchasers and refinancees of manufactured housing have multiple financing options depending on whether they own the land on which the home is or will be situated and if the home is permanently affixed. Loans secured only by homes are called chattel loans, while loans secured by a mortgage on real property improved with HUD-certified manufactured homes are real property loans.

The HMDA data does not distinguish between chattel loans and real property loans when reporting loan costs. Much manufactured housing is financed as personal property (chattel), with higher rates, shorter terms, and fewer consumer protections than secured mortgage lending. According to the Urban Institute, in 2016 only 17 percent of new manufactured homes

²⁴ Consumer-Lending Discrimination in the Era of FinTech* Robert Bartlett School of Law UC, Adair Morse Haas School of Business UC Berkeley, Richard Stanton Haas School of Business UC, and Nancy Wallace Haas School of Business UC Berkeley. October 2018.

were titled as real property and chattel loans had interest rates that were 4.41% higher than non-chattel loans²⁵.

The Urban Institute examined manufactured home lending in the context of smaller-dollar loans. Evidence suggests that it is difficult to purchase low-cost properties using traditional mortgage financing because the loan size is too small. The cost of originating and servicing a mortgage loan for a small loan is generally the same as for a larger loan, yet the amount of interest and origination fees received by the lender are smaller. This may lead lenders to charge a higher interest rate or upfront fees on smaller loans which are then considered high cost. This affects lower-priced housing of all types, much of which is manufactured housing.

Examination of high-cost loan data revealed that the average loan amount for high-cost manufactured housing loans was \$100,700 compared to \$111,800 for manufactured home loans that were not high cost. High-cost manufactured home loans were 1.4 times more likely on loans under \$70,000 and were 1.7 times more likely to be FHA-insured.

In 2014, the Consumer Financial Protection Bureau had conversations with industry participants and stated that it appears the national lending market for chattel loans is concentrated among five lenders²⁶. Four of these lenders originated 23% of high-cost manufactured home loans in Arizona in 2017. This suggests that, in part, the high-cost nature of many manufactured home loans results from chattel financing.

[New Fannie Mae and Freddie Mac Manufactured Housing Financing Opportunities](#)

Both Fannie Mae and Freddie Mac under their “Duty to Serve Underserved Markets” plans are working to expand capital and liquidity for the manufactured housing market. Fannie Mae’s new MH Advantage loans for manufactured housing reduce down payment requirements from 5% to 3% and eliminate loan price adjustments that typically apply to manufactured housing loans. To qualify for a MH Advantage loan, the home must be designed to meet specific construction, architectural design and energy efficiency standards. Similarly, Freddie Mac’s CHOICEHome is a 2-year pilot that will allow conventional financing for manufactured homes that meet its specifications. The program will also allow appraisers to use site-built housing as a comparable for valuation.

²⁵ Alanna McCargo, Bing Bai, Taz George, Sarah Stochak. Small-Dollar Mortgages for Single Family Residential Properties. Urban Institute. April 2018.

²⁶ Consumer Financial Protection Bureau. Manufactured-housing consumer finance in the United States. September 2014.

Lending on Tribal Lands

Native Americans share many of the characteristics of other members of traditionally underserved markets, yet originating mortgages on tribal lands includes unique challenges. Land status remains a key structural barrier to mortgage lending and homeownership in tribal areas, as much of the land is held in trust by the federal government. Other lending barriers include often remote rural locations, the need for specialized knowledge of how to deal with tribes, tribal courts and the Bureau of Indian Affairs, and the likelihood that prospective borrowers have limited experience dealing with financial institutions. Prospective borrowers may also have limited income, assets, and credit histories.

Several programs have been created to encourage mortgage lending to Native Americans. In 1992, Congress established the Section 184 Program, which provides a 100 percent guarantee to lenders to encourage mortgage lending in Indian Country. The borrower can be a tribal member, tribe, or tribally designated housing entity. An analysis by the Urban Institute in 2017, showed an increase from 156 loans in 1996—the last time a study of mortgage lending in Indian Country was conducted—to just over 4,300 loans in 2012. Of the 28,840 mortgages granted between 1994 and 2015, 88 percent were on privately owned land within Indian Country and just 10 percent were on tribal trust land within Indian Country²⁷.

Public Policies and Practices

Arizona was the 49th US state to establish a Housing Department. The Arizona Department of Housing (ADOH) was established in 2002 and is responsible for establishing policies, procedures and programs to address many affordable housing issues confronting Arizona. This includes housing for low- and moderate-income families and special needs populations to address housing affordability and decaying housing stock. Among other things, the ADOH provides qualified housing participants and political subdivisions of Arizona with financial, advisory, consultative, planning, training and educational assistance for the development of safe, decent and affordable housing. The ADOH is also responsible for maintaining and enforcing standards of quality and safety for manufactured homes, mobile homes and factory-built buildings.

The ADOH is the designated state public housing agency (PHA) for Arizona. As the designated state public housing agency, the ADOH may only operate a section 8 tenant-based rental housing program in areas of the state where an existing PHA has not been established. The

²⁷ David Listokin, Kenneth Temkin, Nancy Pindus, David Stanek, Urban Institute. Mortgage Lending on Tribal Land: A Report From the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs. January 2017.

ADOH may not itself own, construct, operate or rehabilitate housing units except as necessary to protect the ADOH collateral or security interest arising out of any department programs. However, the ADOH may accept and secure federal monies to provide housing for people with serious mental illness or other people with disabilities.

The ADOH is designated the housing credit agency for purposes of the federal Low-income Housing Tax Credit program. As the housing credit agency, the ADOH is required by ARS 35-728 to notify a city, town, county or tribal government that a multifamily rental project is planned for its jurisdiction and, before proceeding, request written consent from the governing body or an authorized official of the city, town, county or tribal government; the ADOH is prohibited from interfering with or overriding local jurisdiction's planning, zoning or land use regulations.

ARS 41-2951 establishes a system for the termination, study, review, continuation or reestablishment of state agencies, departments, boards, commissions, institutions and programs. Under this sunset rule, the ADOH is subject to periodic review so the state legislature may evaluate the need for its continued existence. As such, ARS 41-3025.06 provides for sunset review prior to July 1, 2025.

The State of Arizona recognizes that there is overlap between protected classes and household income. Because of this relationship, impacts of laws, regulations and programs on affordability and housing choice are described.

The analysis of laws, regulations and programs is divided into two categories – State-managed HUD CPD Program Policies and State Laws and Regulations, including planning and zoning, landlord and tenant acts, taxation, insurance and banking.

State-managed HUD CPD Program Policies and Practices

The ADOH manages four HUD Community Planning and Development programs covered by the HUD Consolidated Plan –State Small Cities Community Development Block Grant Program (CDBG), HOME Investment Partnership Program (HOME), Housing Opportunities for Persons with HIV/AIDS and their Families (HOPWA), and the National Housing Trust Fund (NHTF); the Arizona Department of Economic Security (ADES) manages the Emergency Solutions Grant (ESG) program.

The ADOH also manages the Balance of State Continuum of Care, the Section 8 Housing Choice Voucher program in Yavapai county, and monitors projects funded with Neighborhood Stabilization Program (NSP) resources distributed by the ADOH. The Arizona Industrial Development Authority manages the Pathway to Purchase and Home of Your Own programs



that provide down payment and closing cost assistance and mortgage financing for homebuyers in Arizona's nonmetro counties.

In implementing Consolidated Plan programs, the ADOH and ADES have established multiple policies and practices to affirmatively further fair housing.

1. HUD Form 935.2A is required to ensure that all multi-family housing projects funded with CDBG, HOME, and NHTF containing 5 or more units:
 - a. Provide demographic data and maps to identify racial and ethnic concentrations in the residential areas impacted by the project; and
 - b. Identify specific activities that will be conducted to affirmatively further fair housing through an Affirmative Marketing Plan.
2. Requires CDBG grantees:
 - a. Maintain an AFFH file demonstrating actions taken for at least the past three years;
 - b. Post a Fair Housing poster in at least one public place year-round;
 - c. Annually adopt a fair housing resolution or proclamation;
 - d. Maintain a complaint/referral log and evidence staff understanding of fair housing requirements. Staff not evidencing understanding of fair housing requirements are referred by the ADOH for training;
 - e. Maintain a fair housing referral list with current contact information for HUD and the Arizona Attorney General's Office;
 - f. Complete an annual Fair Housing Survey by April 30th of each year; and
 - g. Are monitored for compliance with affirmatively furthering fair housing requirements.
3. Requires an annual affirmative marketing report for all HOME, NHTF and NSP projects that requires copies of the Affirmative Marketing Plan and information regarding all marketing efforts (i.e. copies of newspaper ads, memos of phone calls, copies of letters, etc.). The report also requires a certification that actions have been taken to provide information and otherwise attract eligible person from all racial, ethnic, and gender groups in the housing market area to the project.
4. In its Special Needs programs:
 - a. Monitors grantees and recipients of special needs resources to ensure:
 - i. There is an LEP (Limit English Proficiency) plan in place;
 - ii. The facility is accessible and in compliance with ADA and/or Fair Housing Regulations.



- b. Provides federal, state, and where practical, local information to all participants regarding housing discrimination and any recourse available to them should they feel they have been the victim of discrimination in housing.
- c. When applicable, ensures that fair housing, housing discrimination and complaint information is made available during program briefing sessions, and all applicable Fair Housing Information and Discrimination Complaint Forms are made a part of the Tenant's Packet.
- d. Subscribes to HUD's "open-housing" policy so that subrecipients and participants will know of available housing that ensures greater mobility and housing choice to low-income households served by ADOH.
- e. Requires housing providers to:
 - i. make reasonable accommodations for persons with disabilities;
 - ii. allow persons with disabilities to make reasonable modifications; and
 - iii. update their policies and procedures to reflect HUD's requirements to provide equal access for individuals in accordance with their gender identity in programs and shelter funded under programs administered by HUD's Office of Community Planning and Development (CPD).

ADOH also promotes housing choice and fair housing through its non CPD funded programs. The Housing Choice Voucher Administrative Plan:

- f. Includes Fair housing and reasonable accommodation policies;
- g. Indicates that the APHA has developed a written LEP plan/standard operating procedure. The LEP plan will be reviewed on an ongoing basis and will be updated as needed to address the needs of APHA's LEP population;
- h. Specifies that participation by all owners, including those that are outside any areas of poverty or minority concentration, is consistently encouraged; and
- i. Ensures that a map of areas of concentration in Yavapai county is provided to participants in their briefing packet and at any time for convenience.

The ADOH provides housing tax credits and loan assistance for the development of multifamily developments through a variety of funding sources, and provides criteria by which those proposed developments may be approved. The ADOH does not authorize or direct the criteria for housing development that does not use state or federal funds. Approval of housing development that does not use state or federal funds is performed by city or county government based on their local zoning and development regulations.



The ADOH currently administers the Low-income Housing Tax Credit program that includes competitively awarded 9 percent credits and noncompetitive 4 percent credits (credits associated with private activity bond issuances). Competitive credits are awarded based on a point system that covers such factors as financial feasibility, tenant income levels, size and quality of units, rent levels of units, cost of development per square foot, development location, tenant populations with special housing needs, length of affordability period, and others. The point system varies from year to year based on policy priorities and extensive public input. In the past, point features have included proximity to transit and other amenities, dispersion criteria, and concerted community revitalization.

The ADOH operates the Section 811 Project Rental Assistance program, which provides project-based rental assistance for extremely low-income persons with disabilities linked with long term services. The program is made possible through a partnership between the ADOH and participating multifamily properties. The Section 811 PRA program creates the opportunity for persons with disabilities to live as independently as possible through the coordination of voluntary services and subsidized, integrated rental housing options.

Housing and Services for Special Populations

The Arizona Department of Economic Security (ADES) also provides housing and housing services for Arizonans who qualify. The Arizona Health Care Cost Containment System or AHCCCS is the State's Medicaid program and provides assistance to members with a determination of serious mental illness and/or substance abuse disorder. A combination of federal, state and donated funds is used by the ADES to support statewide efforts to provide community-based services for individuals and families experiencing homelessness.

State Laws and Regulations

Residential Landlord and Tenant Acts

Under Arizona State law there are two Residential Landlord and Tenant Acts, one that pertains to standard rental housing and the other to renters in Mobile Home Parks. The Residential Landlord and Tenant Act that pertains to standard rental housing was enacted to govern the rental of dwelling units and the rights and obligations of landlord and tenant. There is currently no state agency that enforces provisions in the Act, and because most landlord/tenant relations are private transactions, disputes that arise between landlord and tenants are generally considered private matters. People seeking guidance regarding the Residential Landlord and Tenant Act are encouraged to consult an attorney.



The Arizona Residential Landlord and Tenant Act (ARS Title 33, Chapter 10) includes, among other provisions, provisions for housing safety in accordance with local codes, provides remedies for both tenants and landlords, prohibits retaliation, and presumes reasonable an occupancy limitation of two persons per bedroom. Cities and counties may also pass local ordinances, such as health and safety standards, noise and nuisance regulations, and antidiscrimination rules that affect landlords and tenants

The Manufactured Housing Division of the Arizona Department of Housing is responsible for maintaining and enforcing quality and safety standards for manufactured homes, mobile homes and factory-built buildings, including administrative procedures to facilitate consumer protection. The Arizona Mobile Home Parks Residential Landlord and Tenant Act (ARS Title 33, Chapter 11), like the Arizona Residential Landlord and Tenant Act imposes an obligation of good faith on both landlords and tenants, meaning that should a dispute arise, both sides must treat the other honestly and fairly. This Act requires a signed written rental agreement containing multiple provisions, deposit requirements, landlord obligations to maintain fit premises, tenant options if a landlord fails to comply with landlord’s obligations, tenant obligations to maintain mobile home spaces, landlord options if a tenant fails to comply with tenant obligations, and describes the Mobile Home Relocation Fund. The Mobile Home Relocation Fund provides resources for tenants who must relocate due to park closure, redevelopment or change in community age restriction, or due to a qualifying rent increase.

Planning, Zoning and Building Codes

As a state settled during western expansion, Arizona has always had a strongly individualistic disposition. It was founded during the heart of the progressive movement, and its 1912 constitution reflects the desire of reformers to prohibit special legislation and ensure the rights of localities to exercise exclusive jurisdiction over purely local matters. It granted municipalities with 3,500 people or more the right to create their own city charters. That local autonomy is an established, deeply engrained and cherished practice in Arizona²⁸. Planning, zoning and building codes are governed by Arizona Revised Statutes Title 11, Chapter 6 for counties and ARS Title 9, Chapter 4 for cities and towns.

The November 10, 2016 Joint Statement of the Departments of Justice and Housing and Urban Development regarding “State and Local Land Use Laws and Practices and the Application of the Fair Housing Act” provides examples of land use and zoning laws or practices that may

²⁸ Berman, David R. and Tanis J. Salant. “Arizona.” Home Rule in America: A Fifty-State Handbook. Ed. Dale Krane, Platon N. Rigos and Melvin B. Hill Jr. Washington, D.C.: CQ Press, 2001. 41-47.

violate the Fair Housing Act. Examples of land use and zoning laws or practices that may violate the Act include:

- Prohibiting or restricting the development of housing, such as placing a moratorium on multifamily development because of concerns that the residents will include members of a protected class, such as race, disability, or familial status.
- Imposing restrictions or additional conditions on group housing for persons with disabilities that are not imposed on families or other groups of unrelated individuals, such as requiring an occupancy permit for persons with disabilities to live in a single-family home while not requiring a permit for other residents of single-family homes.
- Imposing restrictions on housing because of alleged public safety concerns that are based on stereotypes about the residents' or anticipated residents' membership in a protected class, such as requiring a proposed development to provide additional security measures based on a belief that persons of a particular protected class are more likely to engage in criminal activity.
- Enforcing otherwise neutral laws or policies differently because of the residents' protected characteristics, such as citing individuals who are members of a particular protected class for violating code requirements for property upkeep while not citing other residents for similar violations.
- Refusing to provide reasonable accommodations to land use or zoning policies when such accommodations may be necessary to allow persons with disabilities to have an equal opportunity to use and enjoy the housing, such as denying a request to modify a setback requirement so an accessible sidewalk or ramp can be provided for one or more persons with mobility disabilities.
- Blocking a group home or denying a requested reasonable accommodation in response to neighbors' stereotypical fears or prejudices about persons with disabilities or a particular type of disability.

The joint statement also clarifies that some land use practices may unintentionally violate the Fair Housing Act under a “discriminatory effects” standard, when absent a legally sufficient justification, the practices have the effect of excluding protected classes from a locality or neighborhood. These practices include minimum floor space or lot size requirements that increase the size and cost of housing, and prohibition of low-income or multifamily housing.



Not in My Backyard (NIMBY) Syndrome

Not in My Backyard Syndrome (“NIMBYism”) can limit affordable housing development, which in turn can limit housing choice for protected classes in some communities where those protected classes are disproportionately low income. NIMBYism is generally characterized by opposition to a proposed development from community members in close proximity to a site proposed for the development of affordable housing. With NIMBYism, community members may support the idea of affordable housing, but may oppose the specific location or construction of a specific development. Or, community members may not be opposed to all developments or a specific development, but do not want specific populations of people in the development that they perceive to be undesirable for their neighborhood.

NIMBYism may create fair housing impediments when community members’ attitudes and actions have the effect of limiting housing opportunities for protected classes. This is true even if the actions and attitudes are directed primarily towards concerns over alleged issues like traffic, property values, and school overcrowding as opposed to overt discrimination against protected classes. When these issues would not prevent a market rate property from being developed, then these issues should not prevent an affordable property from being developed.

While local planning, zoning, and codes provide flexibility to counties and municipalities to meet their unique needs, the complexities of zoning and its relationship to the Fair Housing Act requires that local officials and staff become educated about the potential for discrimination. Expanding education about fair housing laws and the potential for discrimination in land use and zoning decisions to local planning and zoning staff could improve access to housing choice.

Private Property Rights Act of 2006 (ARS 12-1134)

The Private Property Rights Act of 2006 requires local governments to compensate a private property owner if the value of a person’s property is reduced by the enactment of a land use law. Under this Act, downzoning or changing zoning to permit less intensive development is difficult to accomplish in Arizona. Property owners must either waive their entitlements voluntarily or be compensated for the reduction in value of their property.

Senate Bill 1072

Passed in 2015, Senate Bill 1072 amended municipal and county land use and zoning requirements. The bill prohibited requiring affordable housing in a zoning code (inclusionary zoning) but does not limit the use of an incentive, density bonus or other voluntary provision or condition designed to increase the supply of moderate or lower cost housing.



Property Taxation

Property tax is assessed and administered in each Arizona county by the county assessor with the exception of centrally valued properties such as airlines, railroads and mines. Personal property items are taxable unless exempted by the Arizona Constitution and the Arizona Revised Statutes (A.R.S.) Sections 42-11101 through 42-11133. Arizona's county assessors are responsible for locating, identifying, classifying, valuing, and listing on the tax roll all of the locally assessable property that is subject to property taxation within their jurisdictions. The county assessor is also responsible for processing and approving or disapproving the applications for various property tax exemptions, for monitoring exemptions that have been approved, and for discontinuing any exemption that is no longer warranted.

Exemption from property taxation is granted automatically only to federal, state, county and municipal property; the exemption status of government-owned properties is not subject to any application provisions to obtain or maintain the exempt status. For nongovernment property, the local county assessor may, within the state's constitutional and statutory provisions, grant tax exemptions to private nonprofit organizations, and institutions and associations that own and use the property for specified purposes. The assessor may also grant property tax exemptions to individual persons who provide satisfactory evidence of their eligibility.

Multiple property tax exemptions have been put into place to assist Arizona's most vulnerable residents and to alleviate the tax burden for some types of affordable housing. Exemption calculations vary considerably and are available for people with disabilities and other vulnerable residents, for charitable organizations providing relief and assistance to vulnerable residents, and for housing projects that serve people with disabilities or include affordable rental units.

Insurance

Access to insurance is an important aspect of one's ability to own and maintain a home, or protect the contents of a leased unit. Arizona Revised Statutes Chapter 20 clarifies general prohibitions against discrimination by an insurer, including mortgage guaranty insurance companies. Mortgage guaranty insurers may not discriminate in the issuance or extension of the insurance on the basis of sex, marital status, race, color, creed or national origin. Likewise, other insurers may not charge an individual a rate that is different than the rate charged to other individuals based on race, color, creed or national origin.



Real Estate Licensing

Real estate salespeople in Arizona must complete 90 hours of real estate salesperson pre-licensing education through an Arizona Department of Real Estate approved school, and pass the school final salesperson examination in person. Real estate licenses must be renewed every two years. Required initial and continuing education includes at least 3 hours of fair housing education. A real estate license may be denied, suspended or revoked for violation of the Fair Housing Act.

Financial Institutions

The superintendent of the Arizona Department of Financial Institutions (AZDFI) enforces the statutes and regulations governing the licensing of most financial institutions engaged in consumer lending services in Arizona. The superintendent of the AZDFI may issue consumer lender, mortgage banker, mortgage broker, mortgage loan originator and commercial mortgage banker licenses. Licensing requirements generally do not apply to banks, saving banks, trust companies, savings and loan associations, profit sharing and pension trusts, credit unions, individuals making mortgage loans with their own money and not engaged in the business of making mortgage loans, and other mortgage transactions conducted by insurance companies, or receiverships if regulated by state or federal law.

Indicators of Fair Housing Impediments

Numerous conditions point to fair housing impediments, including:

1. Socio-economic and housing market conditions.
2. Geographic concentrations that evidence segregation of people based on race, ethnicity, poverty and/or disability status.
3. Mortgage lending practices.
4. Community outreach efforts, including surveys, interviews and public meetings.
5. Public policies.
6. Fair housing complaints and testing.

Socio-economic and Housing Market Indicators

1. Disability

- a. In 2017, 18% of the Arizona nonmetro population had a disability. Of the 254,176 people with disabilities, nearly half (47%) were age 65 and older.
- b. Driven by increasing minority populations, immigration and migration, the aging population will become more diverse during the coming decade. Given current racial disparities in wealth, the next decade is likely to present both fair housing and housing choice challenges as many minority households enter into older age with fewer resources and increased risk of disability.
- c. In Arizona's nonmetro areas, the poverty rate among people with disabilities is 11.2%; sixty-two percent (62%) of people living below the poverty level are people with disabilities.
- d. More than three quarters (77%) of people with disabilities in the Arizona Balance of State who live below the poverty level are age 65 or older.

2. Education

- a. Nearly one-quarter of the White non-Hispanic population over the age of 25 has attained a Bachelor's Degree or Higher, compared to only 1 in 10 White Hispanic people and fewer than 2 of 100 people of other races. People of other races and ethnicities are as likely as White non-Hispanics to have some college or an Associate's Degree.
- b. One-third of the White Hispanic population over the age of 25 has no High School Diploma or Equivalent.

3. Employment

- a. Less than one-half (48%) of Arizona's nonmetro population was in the labor force in 2017. Of people in the labor force, 11% were unemployed, compared to 6% of the metro workforce.
- b. White Hispanic employees were more likely to be employed in service occupations than were people of other races. People employed in service occupations had the lowest median wages at \$17,486 – well below the 2017 federal poverty level for a family of four.
- c. Stagnant wages for low-wage earners, many of whom are minority, make it challenging to keep up with rising housing prices.



4. Households and Household Income

- a. Nearly four of ten nonmetro Arizona households consist of a married couple with no children under 18 years of age. Three of ten nonmetro Arizona households are people living alone, and half of people living alone are age 65 and older. One in ten households is a single-parent household.
- b. There are 154,010 low-to-moderate income households in the Arizona Balance of State; over 61,000 households have annual incomes under \$15,000.

5. Poverty

- a. In 2017, 12% of the State's population lived below the poverty level. Poverty is more than double the statewide rate in Apache and Navajo counties, which include large Indian Reservations. The border counties of Santa Cruz and Yuma counties, which have larger Hispanic populations, have poverty rates 1.5 times the statewide rate.
- b. Forty-four percent (44%) of single mothers in Arizona live in poverty. Single-mother households are three times more likely to live in poverty than are married couples with children, and nearly four times more likely to live in poverty than are seniors.

6. Housing

- a. The homeownership rate in nonmetro Arizona is 72%, compared to 62% in Maricopa and Pima counties. People of all races and ethnicities are more likely to be homeowners in nonmetro counties than in metro counties.
- b. White non-Hispanic households have the highest homeownership rate (73%) in nonmetro counties. The lowest homeownership rate is among Black/African American households.
- c. The median income for Arizona homeowners is \$65,485, compared to \$34,964 for renters.
- d. In 2017, sixteen percent (16%) of Arizona housing units were vacant, including 27% in nonmetro Arizona and 13% in metro Arizona. More than two-thirds of the vacant units in six of the thirteen nonmetro counties were held for seasonal use.
- e. In nonmetro Arizona, 62% of the housing stock was single-family detached, 27% was manufactured, 6% was small multi-family, and 1% was large multi-family. Manufactured housing was more than one-third of the housing stock in Arizona's western counties.
- f. With a relatively low proportion of large multi-family housing stock, small multi-family and manufactured housing are essential to the nonmetro Arizona rental housing supply. Nearly one-half (47%) of renters in nonmetro Arizona rented single-family detached housing in 2017 and another quarter (25%) rented units in small



- multi-family housing consisting of 2 to 19 units. Nearly one in five (17%) rented manufactured housing.
- g. In recent years, multi-family housing production has increased in Maricopa and Pima counties, with limited multi-family production outside of Yavapai and Coconino counties in nonmetro Arizona.
 - h. The age of the housing stock is one indicator of housing quality. Thirty-one percent of nonmetro Arizona's housing stock was built before 1980. Proportionately, Cochise, Gila, Graham and Greenlee counties have the oldest housing stock.
 - i. One third of pre-1979 nonmetro units were occupied by renters, compared to only 3% of units built since 2000. The high rental rate of older units can pose a problem for persons with disabilities. Many older units do not meet ADA requirements and will require some modification to reasonably accommodate a person with a disability. Coupled with limited new construction of rental units, complaints related to disability accessibility and reasonable accommodation can be expected to increase during the coming decade.
 - j. Exposure to substandard housing is not evenly distributed across populations. People of color and people with low income are more likely to rent, to occupy older housing, and to live in overcrowded housing.
 - k. Median home values are highest in Coconino county at \$241,400, followed by Maricopa county at \$225,000 and Yavapai county at \$215,500.
 - l. Median monthly gross rents are highest in Coconino county at \$1,079, followed by Maricopa county at \$1,033 and Pinal county at \$1,014.
 - m. Statewide there were 326,393 housing cost burdened homeowners, including 61,065 in nonmetro counties. Owners in Santa Cruz and Yavapai counties are more likely to be housing cost burdened than are owners in other nonmetro counties.
 - n. Statewide there were 229,233 housing cost burdened renters, including 42,887 in nonmetro counties. Forty-five percent (45%) of renters in nonmetro Arizona are housing cost burdened. Just as homeowners in Santa Cruz and Yavapai counties are more likely to be housing cost burdened, so are renters.
 - o. Because minorities are more likely to rent, they experience higher rates of cost burden. High rental costs among minorities may also hinder mobility and therefore access to opportunity.



Geographic Concentrations

1. There are 49 Balance of State Hispanic concentration census tracts where the Hispanic population exceeds the county Hispanic population by 10% or more. Ten (10) of the Hispanic concentration tracts are also poverty concentration tracts, including 3 of the 7 Hispanic concentration tracts in Yuma county.
 - a. Graham, Greenlee, Santa Cruz and Yuma counties have Hispanic populations that exceed the Balance of State Hispanic percentage by 10% or more.
2. There are 48 Balance of State minority concentration census tracts where the percentage of minorities (people who are not White non-Hispanic) exceeds the county minority population by 10% or more. Ten (10) of the minority concentration tracts are also poverty concentration tracts, including 3 of 8 minority concentration tracts in Yuma county.
 - a. Graham, Greenlee, Pinal, Santa Cruz and Yuma counties have minority populations that exceed the Balance of State minority percentage by 10% or more.
3. There are 25 Balance of State poverty concentration census tracts where the percentage of people living below the poverty level exceeds 28% (10% higher than the Balance of State percentage). Poverty concentrations are found in seven of the thirteen nonmetro counties, with the largest number in Mohave, Pinal and Yuma counties.
4. There are 14 Balance of State census tracts that are areas of disability concentration, including six in Mohave county and 3 in Gila county.
5. There are 9 Balance of State census tracts that are areas of disability poverty concentration; four are in Mohave county.

Lending (Home Mortgage Disclosure Act) Analysis

1. Minority applicants were more likely to have their home purchase loan denied due to high debt-to-income ratio, and their refinancing loan denied due to work history than were White non-Hispanic borrowers.
2. Native American borrowers were more likely to have their home purchase loan application denied than were borrowers of other races and ethnicities; nearly half of loan applications made by Native American borrowers were denied. The lowest rate of home purchase loan denials was among White Hispanic borrowers.
3. Black/African American and Native American homeowners were more likely to have their refinancing loan application denied than were borrowers of other races and ethnicities. The lowest rate of refinancing loan denials was among White non-Hispanic homeowners.



4. With the exception of Asian borrowers, minority borrowers were more likely to secure a high-cost home purchase loan than were White non-Hispanic borrowers. Native American borrowers were the most likely to secure a high-cost home purchase loan followed by Black/African American borrowers.
5. High-cost loans are 2.7 times more likely to be placed on manufactured housing than on single-family one-to-four family dwellings. Nearly two-thirds of high cost loans to Native American borrowers were for manufactured housing.
6. The rate of loan denial for female home purchase applicants was 1.3 times that of male applicants, while the rate of high-cost loans was 1.4 times that of male applicants. Female borrowers were 1.5 times more likely to be low-to-moderate income than were males, and were twice as likely to be minority.
7. Moderate-income borrowers are more likely to receive a high-cost loan than are borrowers in other income categories. Moderate-income borrowers are also more likely to secure an FHA-insured loan, increasing their exposure to high-cost lending.
8. Low-income home purchase loan applicants were 1.6 times more likely to have their loan denied than were middle- and higher-income loan applicants.

Public Policies and Practices

1. While local planning, zoning, and codes provide flexibility to counties and municipalities to meet their unique needs, the complexities of zoning and its relationship to the Fair Housing Act requires that local officials and staff become educated about the potential for discrimination. Expanding education about fair housing laws and the potential for discrimination in land use and zoning decisions to local planning and zoning staff could improve access to housing choice.
2. NIMBYism could create fair housing impediments when exclusionary attitudes and actions have the effect of limiting housing opportunities for protected classes, even if actions and attitudes are directed primarily towards concerns over alleged issues like traffic, property values, and school overcrowding as opposed to overt discrimination against protected classes.

Community Outreach

1. One half of survey respondents believed they or someone they know had experienced some form of housing discrimination. The most often cited forms of discrimination were 1) refusing, discouraging or charging more to rent an apartment or buy a home, and 2) discrimination based on disability: Refusing to make a reasonable accommodation for a



person with a disability, refusing to allow a modification to make an apartment more accessible for a person with a disability or lack of accessible units.

2. Eighty-seven percent (87%) of survey respondents believe that housing discrimination is occurring or likely occurring in their local area. Of respondents who believe housing discrimination is or is likely occurring, the most often cited types of discrimination were:
 - a. Refusing, discouraging or charging more to rent an apartment or buy a home (36%);
 - b. Discrimination based on disability: Refusing to make a reasonable accommodation for a person with a disability, refusing to allow a modification to make an apartment more accessible for a person with a disability or lack of accessible units (33%);
 - c. Predatory lending: unfair, misleading, deceptive or fraudulent loan practices (25%); and
 - d. Refusing or making it hard to get a loan to buy or refinance a house or take out home equity by doing things like charging more money or offering a worse deal than someone should be able to get if he or she shopped around (20%).
3. Six of ten (61%) survey respondents felt either very informed or somewhat informed about housing discrimination. As a result, seven of ten respondents would report housing discrimination if encountered and would contact HUD or the Arizona Attorney General's Office. Still, one quarter of respondents would not know what to do or who to report to.
4. Nearly half of survey respondents indicated they were familiar with fair housing services or programs in their area or had seen or heard information about fair housing in the community. Of those who were familiar with or had seen or heard information about fair housing, they had acquired information at a public event or seen fair housing posters, pamphlets or brochures.
5. Interviews revealed multiple interrelated barriers to housing choice as reflected in the data analysis: a) availability, b) aging substandard housing stock, and c) pre-HUD manufactured homes and mobile home parks.
6. Interviewees discussed the primary challenges to addressing barriers to housing choice:
 - a. Insufficient land with infrastructure and appropriate zoning.
 - b. Local government and nonprofit capacity.
 - c. Income disparity.
 - d. Transportation and transit.
 - e. Financial literacy.
 - f. Language.



7. The majority of interviewees involved in the housing industry felt confident they had the training and education necessary to assist people with potential housing discrimination issues. Planning and zoning staff and economic developers were less likely to have fair housing knowledge.
8. Interviewees and property managers agreed that the best time to reach people with fair housing information was before they were in crisis.

Fair Housing Complaints, Testing and Inquiries

1. The HUD Fair Housing and Equal Opportunity Office reported 968 complaints in Arizona and 66 complaints in the Balance of the State between January 1, 2015 (since the 2015 AI), and July 18, 2019. Complaints may have more than one basis, and the total number of complaints filed in the Arizona Balance of State was 75. One in four complaints was from the non-entitled areas of Yavapai county. Five complaints were filed in each of three cities – Apache Junction (Pinal county), Bullhead City (Mohave county), and Sedona (Yavapai county).
2. Two-thirds of complaints (67%) were on the basis of disability. Familial status was a basis for 12% of complaints, and race or national origin were the basis in 6% of complaints. One in five complaints included retaliation (punishing or otherwise striking out against someone for filing a complaint).
3. HUD’s records show 66 fair housing complaints were closed between January 1, 2015 and July 18, 2019. Of the closed complaints, 27% were successfully conciliated or settled and an additional 9% were withdrawn with resolution, meaning that the complainant reached an agreement with the defendant providing appropriate relief. The majority (73%) of closed complaints included disability and failure to provide a reasonable accommodation as a basis.
4. Testing can result in a finding of “supports allegations” when a fair housing violation is found and “does not support allegations” when a violation is not uncovered. One of five (21%) tests found that allegations were supported, with a higher percentage (28%) for disability.
5. From January 1, 2016 through December 31, 2018, SWFHC processed 482 inquiries in nonmetro Arizona. Of the inquiries, three quarters (76%) were disability related, while 9% were related to race and 8% to national origin.



2015 Fair Housing Action Plan Review

The 2015 Fair Housing Action Plan identified eight impediments to fair housing choice and thirty-four actions to address impediments in the Balance of Arizona:

1. Illegal housing discrimination continues to occur in Arizona outside of Community Development Block Grant (CDBG) entitlement jurisdictions including Maricopa county, Pima county, Yuma, Prescott, Sierra Vista, Flagstaff, and Douglas.
2. Housing consumers continue to be largely unaware of their rights under the Fair Housing Act and the resources available to help them to understand and exercise those rights.
3. Housing providers and entities that assist people with housing related issues do not adequately understand rights and responsibilities under the Fair Housing Act. They also do not know how to identify fair housing violations or where to refer people whose fair housing rights may have been violated.
4. NIMBY (Not in My Backyard) attitudes are an impediment to fair housing choice.
5. Lack of affordable housing throughout the state has a greater impact on classes protected by the Fair Housing Act.
6. On-going data gathering from CDBG subrecipients 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, however this impediment carried over to the 2015 Plan of Action.
7. The post-foreclosure crisis housing market experienced tighter credit conditions for homebuyers and rising rents for renters. This limited homeownership opportunities and made rental housing less affordable for minority households.
8. Arizona demographics vary greatly by region making it necessary to look at fair housing issues through a regional perspective. Differences in income, racial and ethnic concentrations of poverty, and age vary greatly across the state, making it difficult to create "one size fits all" policies and programs to AFFH in Arizona.

To address Impediments #1 and #2 relating to housing discrimination and consumer education, the ADOH:

1. Supported and participated in activities conducted and sponsored by the Arizona Fair Housing Partnership (AFHP).
2. Annually requested a proclamation from the Governor declaring April as "Fair Housing Month" and logged, summarized and reported activities annually in the Consolidated Annual Performance Report.



3. Through an annual contract with Southwest Fair Housing Council:
 - a. Continued to provide training for CDBG subrecipients to help them recognize housing discrimination when allegations were made or clients encountered housing problems, and then refer clients to agencies that can help remedy the issue or file a complaint with HUD or the AG;
 - b. Distributed fair housing literature to housing consumers to provide them with the information they need to exercise their fair housing rights.
 - c. Continued to update fair housing education and outreach programs to be responsive to changes in fair housing law, changing cultural contexts of communities, limited English proficiency populations, and other demographic changes.
 - d. Conducted fair housing workshops targeting housing consumers in the thirteen rural counties.
 - e. Provided a presence (e.g. staff at a table) and distributed fair housing materials at community events in the thirteen rural counties.
 - f. Identified and established sites in each rural county where fair housing literature was distributed on an on-going basis, and ensured the materials were maintained and the sites kept stocked. Fair housing materials were also distributed at meetings, trainings, forums, and community events in the rural counties as opportunities arose. Materials were made available in English and Spanish, and other languages as needed.
 - g. Participated in media events to discuss, educate, and respond to questions regarding fair housing to reach residents in the thirteen rural counties.
 - h. Collaborated with public and private agencies, organizations, and groups statewide to plan and conduct these activities.

To address Impediment #3 relating to housing professional and agency staff education and outreach, the ADOH:

1. Continued to fund education and outreach (E&O) throughout the Arizona Balance of State for housing professionals and agency staff to ensure CDBG recipients are trained in effective fair housing referral procedures and encourage them to report any concerns.
2. Annually monitored CDBG recipients to ensure compliance with AFFH requirements and provided technical assistance as needed.



3. Provided all CDBG recipients with printed materials describing the recommended referral procedures and a list of agencies to which fair housing concerns, allegations, and complaints could be referred.
4. Provided printed materials describing recommended referral procedures to agencies not funded by the state.

The ADOH did not take actions to address Impediment #4 relating to NIMBYism. This impediment will carry forward to the 2020 Action Plan with revised actions.

To address Impediment #5 relating to the impact of a lack of affordable housing on protected classes in the Balance of the State, the ADOH satisfied its fair housing obligations and affirmatively furthered fair housing through affordable housing projects by:

1. Requiring proposals for housing projects address how they will affirmatively further fair housing (AFFH) based on its impact to racial and ethnic concentrations of poverty and protected classes.
 - a. Required HUD Form 935.2A to ensure that all multi-family (HOME, NHTF, NSP and LIHTC) housing projects containing 5 or more units:
 - i. Provide demographic data and maps to identify racial and ethnic concentrations in the residential areas impacted by the project;
 - ii. Identify specific activities that will be conducted to affirmatively further fair housing through an Affirmative Marketing Plan; and
 - iii. Required annual reports to determine if there were any findings of discrimination.
2. Provided fair housing information to recipients of funding dedicated to homelessness and/or special needs populations.

To address Impediment #6 relating to on-going data gathering, the ADOH produced an annual “housing at-a-glance” report that describes housing affordability and homelessness conditions across Arizona, and distributed the report via its website and at conferences and workshops. The ADOH recognizes the importance of educating local officials regarding potential regulatory barriers and their impact on protected classes. This action will carry forward to the 2020 Action Plan with modification.



To address Impediment #7 relating to limited homeownership opportunities and rental affordability for minority households, the ADOH:

1. Created and supported first-time homebuyer and other homeownership programs and projects that assist those impacted by the foreclosure crisis, including protected classes, providing \$885 million in loans to 4,576 minority homebuyers;
2. Created and supported affordable housing programs that improve affordability of purchase and rental housing.
3. Monitored housing patterns through its annual “housing at-a-glance” report.

To address Impediment #8 relating to the development of regional strategies to affirmatively further fair housing in Arizona, the ADOH continued to utilize the Council of Government (COG) structure to monitor CDBG recipients and develop education and outreach strategies.

2020 Impediments to Fair Housing Choice and Plan of Action

The 2020 Analysis of Impediments to Fair Housing Choice identified five (5) impediments to fair housing choice in the Arizona Balance of State:

1. Housing Discrimination;
2. Education and Awareness;
3. Geographic Concentrations;
4. Lending Discrimination; and
5. Availability of Quality Affordable Housing.

The following tables present the indicators leading to identification of the impediment and the action plan to address each of the identified impediments. Many of the identified conditions that lead to fair housing impediments are not within the control or authority of the state agencies that receive HUD CPD funds, nor were they the result of a state-level action, omission or decision. For these reasons, this Action Plan focuses on specific, measurable, actionable, and reasonable goals to address the identified impediments within current resource constraints.

Impediment # 1 - Housing Discrimination

Indicators	Action Plan
<p>1. The HUD Fair Housing and Equal Opportunity Office reported 968 complaints in Arizona and 66 complaints in the Balance of the State between January 1, 2015 (since the 2015 AI), and July 18, 2019.</p> <p style="padding-left: 20px;">a. Two-thirds of complaints (67%) were on the basis of disability. Familial status was a basis for 12% of complaints, and race or national origin were the basis in 6% of complaints. One in five complaints included retaliation (punishing or otherwise striking out against someone for filing a complaint).</p> <p>2. One of five (21%) tests found that allegations were supported, with a higher percentage (28%) for disability.</p> <p>3. From January 1, 2016 through December 31, 2018, SWFHC processed 482 inquiries in nonmetro Arizona. Of the inquiries, three quarters (76%) were disability related, while</p>	<p>Support and awareness and targeted education and outreach will aide in identifying and addressing housing discrimination, including discrimination on the basis of disability.</p> <ol style="list-style-type: none"> 1. Annually obtain from HUD data on fair housing complaints filed in the Balance of State and target consumer education and outreach to those areas with complaints. 2. Annually obtain from the Southwest Fair Housing Council data on inquiries from the Balance of State and target consumer education and outreach to those areas with inquiries. 3. Annually incorporate fair housing complaint and inquiry information and Fair Housing Activities by impediment and action into the Consolidated Annual Performance Report to increase understanding of the extent of housing discrimination and actions taken to mitigate barriers to fair housing choice. 4. Ensure that education and outreach activities delivered by ADOH-contracted agencies include information regarding housing accessibility and adaptability for persons with disabilities and how to manage requests for reasonable accommodation. 5. Continue to provide fair housing information that encourages complainants to contact the Arizona Attorney General’s Office, HUD or the Southwest Fair Housing Council.



STATE OF ARIZONA 2020 ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

<p>9% were related to race and 8% to national origin.</p> <p>4. One half of survey respondents believed they or someone they know had experienced some form of housing discrimination.</p> <p>5. Eighty-seven percent (87%) of survey respondents believe that housing discrimination is occurring or likely occurring in their local area.</p>	<p>6. Continue to participate in and sponsor activities of the Arizona Fair Housing Partnership.</p> <p>7. Continue to fund organizations that provide disability accessibility improvements for homeowners.</p> <p>8. Examine methods to fund disability accessibility improvements for renters in existing units.</p> <p>9. Continue to require affirmative marketing plans for HUD CPD-assisted developments to ensure they are marketed to those least likely to apply.</p>
---	---

Impediment #2 –Education and Awareness

Indicators	Action Plan
<p>1. Six of ten (61%) respondents felt either very informed or somewhat informed about housing discrimination. As a result, seven of ten respondents would report housing discrimination if encountered and would contact HUD or the Arizona Attorney General’s Office. Still, one quarter of respondents would not know what to do or who to report to.</p> <p>2. Nearly half of survey respondents indicated they were not familiar with fair housing services or programs in their area nor had</p>	<p>Continued and expanded education and awareness efforts will increase understanding of fair housing, reduce the likelihood of housing discrimination and increase the likelihood of housing discrimination being reported.</p> <p>1. Each April:</p> <ul style="list-style-type: none"> a. Request the governor adopt a proclamation declaring April to be observed as Fair Housing Month. b. Reach out to stakeholders and residents through local and online media to announce April as Fair Housing Month. <ul style="list-style-type: none"> i. Include information regarding Fair Housing, Fair Housing services, and who to call for more information.



Impediment #2 –Education and Awareness

Indicators	Action Plan
<p>they seen or heard information about fair housing in the community.</p> <p>3. The majority of interviewees involved in the housing industry felt confident they had the training and education necessary to assist people with potential housing discrimination issues. Planning and zoning staff and economic developers were less likely to have fair housing knowledge.</p> <p>4. Interviewees and property managers agreed that the best time to reach people with fair housing information was before they were in crisis.</p> <p>5. Expanding education about fair housing laws and the potential for discrimination in land use and zoning decisions to local planning and zoning staff could improve access to housing choice.</p> <p>6. NIMBYism could create fair housing impediments when exclusionary attitudes and actions have the effect of limiting housing opportunities for protected classes.</p>	<p>2. Expand the availability of information about fair housing services and programs and fair housing discrimination by distributing literature, including:</p> <ul style="list-style-type: none"> a. Fair housing posters, pamphlets and literature to program partner offices, and at other community locations such as libraries, faith organizations, and local DES offices. <ul style="list-style-type: none"> i. Maintain records of the type of literature, distribution location(s), and number distributed. b. Maintain a Fair Housing page on the ADOH website. Include direct links to the Southwest Fair Housing Council, HUD Fair Housing, and the Arizona Attorney General Civil Rights Division websites. <p>3. Continue to sponsor fair housing education and training:</p> <ul style="list-style-type: none"> a. Network with landlords and property managers, nonprofit, neighborhood-based, faith organizations and education institutions to reach a broad audience including persons with disabilities, minorities, and persons residing in minority or poverty concentration areas. b. Include information regarding landlord/tenant issues, reasonable accommodations for persons with disabilities, and criminal history. c. Track the volume of residents, landlords, and industry stakeholders participating in community education activities. <p>4. Ensure that partner agency staff that may encounter fair housing issues attend training biennially. Include housing and community development staff,</p>



Impediment #2 –Education and Awareness

Indicators	Action Plan
	<p>planning and building staff, maintenance staff, receptionists and other staff who regularly field calls from or interact with the public.</p> <ol style="list-style-type: none"> 5. Publish materials that may assist in breaking down stereotypical misconceptions about affordable and multi-family housing, such as: <ol style="list-style-type: none"> a. Photos of completed projects that are aesthetically and/or architecturally unique and located in areas outside of minority and/or poverty concentrations; and b. Stories that highlight the contributions of projects to the surrounding community through community meeting space or spaces where residents can access important education and basic needs supports. 6. Seek to expand fair housing education to market rate and privately-owned properties through social media and collaborations with trade and advocacy associations. 7. Utilize social media to expand awareness of fair housing and housing discrimination.



Impediment #3 – Geographic Concentrations

Indicators	Action Plan
<ol style="list-style-type: none"> 1. There are 49 Balance of State Hispanic concentration census tracts where the Hispanic population exceeds the county Hispanic population by 10% or more. Ten (10) of the Hispanic concentration tracts are also poverty concentration tracts. 2. There are 48 Balance of State minority concentration census tracts where the percentage of minorities (people who are not White non-Hispanic) exceeds the county minority population by 10% or more. Ten (10) of the minority concentration tracts are also poverty concentration tracts. 3. There are 25 Balance of State poverty concentration census tracts where the percentage of people living below the poverty level exceeds 28% (10% higher than the Balance of State percentage). Poverty concentrations are found in seven of the thirteen nonmetro counties, with the largest number in Mohave, Pinal and Yuma counties. 4. There are 14 Balance of State census tracts that are areas of disability concentration; six in Mohave county and 3 in Gila county. 5. There are 9 Balance of State census tracts that are areas of disability poverty concentration; four are in Mohave county. 	<p>Education and outreach have the potential to expand housing choice and access to opportunity, and to alleviate segregated housing patterns.</p> <ol style="list-style-type: none"> 1. Continue to distribute fair housing brochures and literature in both English and Spanish. 2. Ensure that partner organizations distribute fair housing information at public hearings and meetings by amending CDBG public participation requirements to include the distribution of fair housing materials at public hearings. 3. Ensure that ADOH-sponsored fair housing education is conducted in areas of minority, poverty and disability concentration. <ol style="list-style-type: none"> a. Maintain records of the number of education sessions conducted in concentration areas.



Impediment #4 – Lending Discrimination

Indicators	Action Plan
<ol style="list-style-type: none"> 1. Minority applicants were more likely have their home purchase loan denied due to high debt-to-income ratio, and their refinancing loan denied due to work history than were White non-Hispanic borrowers. 2. Native American borrowers were more likely to have their home purchase loan application denied than were borrowers of other races and ethnicities. 3. Black/African American and Native American homeowners were more likely to have their refinancing loan application denied than were borrowers of other races and ethnicities. 4. With the exception of Asian borrowers, minority borrowers were more likely to secure a high-cost home purchase loan than were White non-Hispanic borrowers. 5. High-cost loans are 2.7 times more likely to be placed on manufactured housing than on single-family one-to-four family dwellings. Nearly two-thirds of the high cost loans to Native American borrowers were for manufactured housing. 6. The rate of loan denial for female home purchase applicants was 1.3 times that of male applicants, while the rate of high-cost loans was 1.4 times that of male applicants. Female borrowers were 1.5 times more likely to be low-to-moderate income than were males, and were twice as likely to be minority. 	<p>Education targeted to minority and low-income loan applicants, female loan applicants, and loan applicants in minority- and low-income concentration areas will increase understanding of the credit market.</p> <ol style="list-style-type: none"> 1. Continually encourage minority and lower-income households to seek housing counseling from HUD-certified housing counseling agencies. 2. To the extent that housing counseling and education programs are funded, ensure they are actively marketed by agencies in geographic concentration and low-income areas.



Impediment #4 – Lending Discrimination

Indicators	Action Plan
<p>7. Moderate-income borrowers are more likely to receive a high-cost loan than are borrowers in other income categories.</p> <p>8. Low-income home purchase loan applicants were 1.6 times more likely to have their loan denied than were middle- and higher-income loan applicants.</p>	

Impediment #5 – Availability of Quality Affordable Housing

Indicators	Action Plan
<p>1. There are 154,010 low-to-moderate income households in the Arizona Balance of State; over 61,000 households have annual incomes under \$15,000.</p> <p>2. 61,065 homeowners (23%) in nonmetro Arizona are housing cost burdened, as are 23% of homeowners in metro Arizona.</p> <p>3. 42,887 renters (45%) in nonmetro Arizona are housing cost burdened, as are 35% of renters in metro Arizona.</p> <p>4. Because minorities are more likely to rent, they experience higher rates of cost burden.</p>	<p>Increasing the availability of quality affordable housing will alleviate housing cost burden and expand housing choice for Arizona Balance of State households, many of whom are minority and/or low-income.</p> <ol style="list-style-type: none"> 1. During the next five years: <ol style="list-style-type: none"> a. Expand the affordable housing rental stock by 500 units in the Arizona Balance of State. b. Expand the accessible affordable rental housing stock through new construction or rehabilitation of 100 units in the Arizona Balance of State.



Impediment #5 – Availability of Quality Affordable Housing

Indicators	Action Plan
<p>5. Stagnant wages for low-wage earners, many of whom are minority, make it challenging to keep up with rising housing prices.</p> <p>6. Seasonal vacancy limits the supply of available housing in the Arizona Balance of State.</p> <p>7. With a relatively low proportion of large multi-family housing stock, small multi-family and manufactured housing are essential to the nonmetro Arizona rental housing supply.</p> <p>8. Thirty-one percent of nonmetro Arizona’s housing stock was built before 1980. One third of pre-1979 nonmetro units were occupied by renters, compared to only 3% of units built since 2000. The high rental rate of older units can pose a problem for persons with disabilities. Many older units do not meet ADA requirements and will require some modification to reasonably accommodate a person with a disability.</p> <p>9. Exposure to substandard housing is not evenly distributed across populations. People of color and people with low income are more likely to rent, to occupy older housing, and to live in overcrowded housing.</p>	<p>c. Rehabilitate 100 owner-occupied housing units occupied by persons with disabilities.</p> <p>d. Provide tenant-based rental assistance or rapid rehousing for 500 households.</p> <p>2. Examine program policies and priorities that could expand financing and assistance for the development or rehabilitation of small multi-family properties in the Arizona Balance of State.</p> <p>3. Examine the prioritization of CDBG State Special Projects funding to activities that develop or rehabilitate affordable housing and shelters for people experiencing homelessness.</p> <p>4. Explore expanding CDBG housing rehabilitation activities to include the rehabilitation of smaller properties owned and operated by nonprofit organizations for the benefit of special needs populations.</p> <p>5. Work with local and state institutions to develop re-entry and housing access programs for persons exiting incarceration.</p> <p>6. Continue to produce the annual “Housing-at-a-Glance” publication.</p>



Impediment #5 – Availability of Quality Affordable Housing

Indicators	Action Plan
<p>10. Interviews revealed multiple interrelated barriers to housing choice: a) availability, b) aging substandard housing stock, and c) pre-HUD manufactured homes and mobile home parks.</p> <p>11. Interviewees discussed the primary challenges to addressing barriers to housing choice: Insufficient land with infrastructure and appropriate zoning; local government and nonprofit capacity; income disparity; transportation and transit; financial literacy; and language.</p>	<p>7. Continue to require projects under LIHTC, HOME, and NHTF to establish Affirmative Fair Marketing Plans (AFHMP) that reduce barriers to housing choice.</p> <p>8. Encourage partnerships between experienced developers and nonprofit and faith-based organizations to increase affordable housing production in the Balance of State.</p> <p>9. Examine alternative resources to leverage increased capacity among the public and private sector through Fannie Mae, Community Development Funding Institutions, the Federal Home Loan Bank, and other state and federal sources.</p>



Appendix 1 - Survey Questions

Have you or someone you know ever encountered one or more forms of housing discrimination as described on the title page in your local area?

- Yes, I have or I know someone who has.
- I think I may have or I may know someone who has.
- No, I have not and don't know anyone who has.
- Don't know
- Other _____

If you believe that you or someone you know encountered housing discrimination in your local area, which of the following best describes the type of discrimination.

- Refusing, discouraging or **charging more to rent** an apartment or buy a home.
- Discouraging a person from living where he or she wants to live, often by **steering him or her** to another apartment, complex or neighborhood.
- Refusing or making it **hard to get a loan** to buy or refinance a house or take out home equity by doing things like charging more money or offering a worse deal than someone should be able to get if he or she shopped around.
- Refusing, discouraging or **charging more for home insurance**.
- Discrimination based on disability:** Refusing to make a reasonable accommodation for a person with a disability, refusing to allow a modification to make an apartment more accessible for a person with a disability or lack of accessible units.
- Predatory lending: unfair, misleading, **deceptive or fraudulent loan practices**.
- Other:

If yes, which of the following best describes the person or organization that discriminated against you or the person you know?

- rental property manager/owner
- seller of a housing unit
- condominium or homeowner's association
- real estate professional
- loan officer or mortgage broker
- municipal or county employee
- insurance agent
- other

What best describes the location where the discrimination occurred?

- apartment complex
- individual housing unit for rent
- single family housing unit for sale
- condominium for sale
- real estate office
- lending institution
- Public Housing Authority
- City or county office
- other



Do you believe housing discrimination occurs in your local area?

- Yes
- Likely
- Unlikely
- No

If you think housing discrimination is occurring in your local area, what types do you think are most prevalent?

- Refusing, discouraging or **charging more to rent** an apartment or buy a home.
- Discouraging a person from living where he or she wants to live, often by **steering him or her** to another apartment, complex or neighborhood.
- Refusing or making it **hard to get a loan** to buy or refinance a house or take out home equity by doing things like charging more money or offering a worse deal than someone should be able to get if he or she shopped around.
- Refusing, discouraging or **charging more for home insurance**.
- Discrimination based on disability**: Refusing to make a reasonable accommodation for a person with a disability, refusing to allow a modification to make an apartment more accessible for a person with a disability or lack of accessible units.
- Predatory lending: unfair, misleading, **deceptive or fraudulent loan practices**.
- Other:

How well informed are you about housing discrimination?

- Very informed
- Somewhat informed
- Not very informed
- Not at all informed

What would you do if you encountered housing discrimination?

- Do nothing and seek other housing options
- Tell the person that you believe they are discriminating
- Report it
- Would not know what to do
- Other _____

If you wanted to report housing discrimination, who would you report it to?

- US Department of Housing and Urban Development
- City of county Office
- Arizona Attorney General's Office
- Other:

What do you think should be done to help prevent housing discrimination?

Do you feel your housing choices are geographically limited to certain areas or neighborhoods based on your or a family member's:

- Race yes/no
- Color yes/no
- Religion yes/no
- National origin yes/no
- Sex yes/no
- Disability yes/no
- Family status yes/no
- Age yes/no
- Ancestry yes/no
- Sexual orientation yes/no
- Gender identity yes/no
- Income yes/no
- Source of income (public benefits) yes/no
- Veteran status yes/no
- Criminal record yes/no

Do you feel your housing choices (type or quality) are geographically limited based on your or a family member's:

- Race yes/no
- Color yes/no
- Religion yes/no
- National origin yes/no
- Sex yes/no
- Disability yes/no
- Family status yes/no
- Age yes/no
- Ancestry yes/no
- Sexual orientation yes/no
- Gender identity yes/no
- Income yes/no
- Source of income (public benefits) yes/no
- Veteran status yes/no
- Criminal record yes/no

Do you feel that there is an adequate supply of affordable housing available to:

- All residents yes/no
- Families with children yes/no
- Elderly people yes/no
- People with disabilities yes/no
- People with criminal records yes/no

Are you familiar with fair housing services or programs provided in the community?

- Yes
- No



STATE OF ARIZONA 2020 ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

Have you seen or heard information regarding fair housing programs, laws, or enforcement in the community?

- Yes
- No

If you answered yes, what information have you seen/heard? (check all that apply):

- fair housing flyers or pamphlets
- fair housing handbook
- fair housing public service announcement on the radio
- fair housing public service announcement on the television
- fair housing information at a public event
- other:

What do you feel would be the most effective way to inform residents about their fair housing rights and/or responsibilities? (check all that apply):

- public meeting(s)
- fair housing literature/information in public libraries and facilities
- television advertisements/announcements
- radio advertisements/announcements
- information on the City or county website
- social media
- other:

Please tell us about you. Answering these questions is optional

Current Housing

- Rent
- Own
- Other
- Prefer not to answer

Race/Ethnicity

- Asian
- Black or African American
- Native American
- Pacific Islander or Native Hawaiian
- White
- Prefer not to answer

Ethnicity

- Hispanic or Latino
- Not Hispanic or Latino
- Prefer not to answer

Gender

- Female
- Male
- Prefer not to answer



Family Status

- Have children in household
- No children in household
- Prefer not to answer

Annual Household Income

- \$25,000
- \$25,000-\$49,999
- \$50,000-\$74,999
- \$75,000-\$100,000
- \$100,000 or more
- Prefer not to answer

Do you or a household member have a disability?

- Yes
- No
- Prefer not to answer

ORGANIZATIONAL RESPONDENTS WERE ALSO ASKED THE FOLLOWING QUESTIONS

Which of the following types of housing assistance does your organization provide?

- Tenant-based rental assistance
- Housing or shelter
- Low cost lending or specialized lending products
- Housing education
- Other (please specify)

In which county or counties do you provide housing or services?

Does your agency / organization have a fair housing policy?

- Yes
- No
- Don't know

Does your organization own or operate rental housing that contains four or more units?

- Yes
- No

Does your organization have an affirmative marketing plan for its rental housing?

- Yes
- No
- Don't know

In regards to Fair Housing, do you feel that the people you serve:

- Know their Fair Housing rights and responsibilities
- Have access to quality education about their Fair Housing rights and responsibilities
- Would recognize housing discrimination if it occurred
- Would know how and where to report housing discrimination if it occurred

How frequently do the following barriers impact housing choice for the people you serve?

- Insufficient decent affordable housing units
- Rental application fees and/or requirements (criminal background, prior tenancy, credit screening, etc.)
- Discrimination (protected classes: Race, Color, Religion, Sex, National Origin, Familial Status, or Handicap)
- Disability accessibility
- Insufficient units of adequate size for families
- Mortgage application and/or down payment and closing cost requirements
- Insufficient financial education
- Insufficient public transportation

Which of the following are barriers to developing affordable housing in Arizona?

- Local building codes or planning / zoning requirements
- ADOH program requirements
- Cost of land or infrastructure
- Insufficient buildable land
- Lack of local support
- Lack of financing options
- Lack of qualified contractors or labor
- Not in My Backyard

If you indicated that program requirements are a barrier to developing housing, which specific ADOH program requirements act as barriers to developing housing in Arizona?

How can the Arizona Department of Housing best assist your organization to fulfill its obligations to affirmatively further fair housing?

Appendix 2 – Interview Questions

1. What are the most significant barriers to the people you serve or work with finding a safe, affordable home in the neighborhood or community of their choice?
2. Do these problems impact all people equally or do they fall harder on certain groups (think about race, national origin, disability, /gender/gender identity, whether a family has children)?
3. How do these housing problems affect your work?
4. Do you see that people with fewer housing choices:
 - a. Are exposed to environmental hazards (air pollution, contaminated soil, etc?)
 - b. Have higher transportation costs or limited access to public transit (if there is public transit)?
 - c. Have limited access to high performing or high-quality school choices for their children?
 - d. Are exposed to more violent crime or more frequently exposed to police activity?
5. Are there any actions that you believe State government could take to alleviate these barriers?
6. What would be the most effective method of reaching people in your area with fair housing information?
7. How can the State best help you to fulfill your AFFH requirements?
8. If you work with lenders, what trends do you see in the industry that are of concern – e.g. predatory or high-cost lending, emerging lending products that have the potential to be predatory, increase the cost of borrowing, or result in future foreclosure?

