

ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE



Submitted March 31, 2006

**Arizona Department of Housing
1700 West Washington, Suite 210
Phoenix, AZ 85007
602/771-1000 phone
602/771-1002 fax
602/771-1001 TTY
www.housingaz.com**

TABLE OF CONTENTS

I. INTRODUCTION: EXECUTIVE SUMMARY

- 1. Purpose**
- 2. Goals**
 - a. Primary Goals
 - b. Intermediate Goals
- 3. Methods**
- 4. Conclusions**
 - a. Findings, Impediments, and Plan of Action

II. JURISDICTIONAL BACKGROUND DATA

- 1. History**
 - a. Racial and Ethnic History of Arizona
 - b. Fair Housing History
- 2. Population and Demographics**
- 3. Income/Poverty**
- 4. Employment**
- 5. Housing Profile**
- 6. Minority Concentration Areas**

III. EVALUATION OF JURISDICTIONAL CURRENT FAIR HOUSING LEGAL STATUS

- 1. Fair Housing Laws and Policies**
- 2. Fair Housing Actions by State of Arizona**
- 3. Reasons for Trends or Patterns**

IV. IDENTIFICATION OF IMPEDIMENTS TO FAIR HOUSING CHOICE

- 1. Prior AI: Accomplishments**
- 2. Results of the Community Survey**
- 3. Public Sector**
 - a. Zoning and Land Use Codes
 - b. Neighborhood Revitalization and Affordable Housing
 - c. Subsidized Housing
 - d. Public Housing
 - e. Section 8
 - f. Downtown Revitalization
 - g. Property Tax Policies

- h. Landlord Tenant Policies
- i. Building Codes

4. Private Sector: Lending Policies and Practices

- a. Home Mortgage Disclosure Act (HMDA) Data
- b. Conclusions from the HMDA Analysis

5. Public and Private Sector

- a. Public Sector
 - Fair Housing Enforcement
 - Education and Outreach Programs
- b. Private Sector

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

1. State of Arizona Activities
2. Federally Funded Private Enforcement Activities
3. Private Sector Activities

VI. CONCLUSIONS AND RECOMMENDATIONS

1. Action Plan Matrix

ATTACHMENTS

1. Arizona CDBG Communities Not Included in the Jurisdiction of the State
2. Percent Change in Population in Arizona, 1990 to 2000
3. Percent White and Non-Hispanic in Arizona, 2000
4. Percent Hispanic in Arizona, 2000
5. Percent Hispanic and Non-White in Arizona, 2000
6. Percent Native American in Arizona, 2000
7. Percent African American in Arizona, 2000
8. Percent Non-English speaker in Arizona, 2000
9. Median Household Income in Arizona, 1999
10. Percent Below Poverty Level in Arizona, 1999
11. Percent of Homeowners in Arizona, 2000

ACKNOWLEDGMENTS

Drafts of this Analysis of Impediments to Fair Housing Choice (AI) were prepared by the Southwest Fair Housing Council (SWFHC) under contract to the Arizona Department of Housing (ADOH). ADOH exercised its right to edit the final draft and assumes responsibility for its content or omissions.

Recognition for assistance in the development of this document is extended to the following entities:

- Arizona Department of Housing Staff for their review of drafts and their valuable insights, recommendations, and suggestions.
- The State of Arizona Attorney General's Office, Civil Rights Division for the enforcement information and data they provided.
- HUD FHEO Staff, Region 9, San Francisco for their help in expediting our FOIA requests.
- The hundreds of Arizona residents who provided information for this report either through interviews, surveys or in working with SWFHC over the last several years.
- Over 200 public and private agencies and organizations throughout the state that directly contributed to this analysis or have collaborated with SWFHC in the past and indirectly provided information through planning sessions, trainings and events.
- The National Community Reinvestment Coalition (NCRC) for their analysis of the Home Mortgage Disclosure Act data contained in this document.
- Lisa Friel of Red Hawk Research for the development of the maps for this AI.
- The staff of the Southwest Fair Housing Council for the work they put into portions of this AI.

Principle Author and Project Manager: Richard Rhey, SWFHC Executive Director

I INTRODUCTION: EXECUTIVE SUMMARY

1. Purpose

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

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

The last AI was completed and submitted by the Arizona Department of Commerce in 1996. The Arizona Department of Housing was created in 2002 and the majority of housing programs and functions were transferred to this new cabinet level agency. This AI will review current information and data available from a number of sources, identify current impediments to fair housing under the jurisdiction of the state, evaluate the efficacy of the 1996 Plan of Action, and develop a new Plan of Action to address current impediments.

This AI is a supporting document to the 2005-2009 State of Arizona Consolidated Plan and needs to be reviewed and evaluated within the context of that Plan.

Detailed information regarding barriers to fair housing choice in CDBG-entitled communities may be found in the AI prepared by that jurisdiction.

Definition of Impediments to Fair Housing:

HUD defines Impediments as follows:

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

2. Fair Housing Goals of the State of Arizona

a. Primary Goals:

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

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

b. Intermediate Goals:

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

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

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

3. Methods

This study was prepared by the Southwest Fair Housing Council (SWFHC) on behalf of the Arizona Department of Housing. SWFHC has had input from and the cooperation of ADOH staff, public officials, the staff of agencies and non-profit service organizations, members of the housing industry and residents throughout the State of Arizona. Much of the information in this AI was collected by ADOH in an earlier draft of this document.

General Methodology:

Information was compiled and the study developed by ADOH and SWFHC staff from the following sources:

1. Reports and studies conducted and provided on a local, state and national level.
2. The State of Arizona 2005-2009 Consolidated Plan.
3. Interviews with a wide range of individuals informed on housing issues and who were located either in non-metro areas or with agencies whose service area was statewide. The interviews consisted of both structured and open ended questions.
4. A survey of over 300 non-metro residents of the state.
5. Input by residents at community meetings.
6. Newspaper articles and other local publications.
7. Data from public and private agencies including HUD, the State Attorney General's Office, Civil Rights Division, and SWFHC.
8. Discussions in the context of training sessions for housing providers by SWFHC staff.
9. Review, critique, and discussion of drafts with ADOH personnel.

4. Conclusions

Findings, Impediments, and Plan of Action

There were a total of nine impediments identified in the development of the current AI. These impediments were identified by one or more of the types of evidence that were noted in the methods section immediately prior to this section. The specifics regarding this evidence are discussed in the body of this document.

The identification of impediments does not assure their elimination. Impediments to fair housing can be complex and embedded into the social, economic and cultural fabric of a community or jurisdiction. There can be national and global political and economic forces at play that are beyond state or community level solutions. Attesting to this are the amount of work and resources expended to eliminate the barriers to fair housing that were identified in the 1996 Arizona AI. Based upon research and conclusions herein, these remain as impediments today and are again included in this AI. This does not suggest that real progress has not been made, but it does demonstrate the extent and persistent nature of the challenge.

As difficult as it is to eliminate impediments, it is imperative that efforts are extended to do so. Impediments are to a large extent an artifact of past public and private policy decisions. How equitable the housing market will be for us, our children and our families in the future depends upon our ability today to identify impediments, analyze to understand their nature and basis, and develop and implement comprehensive plans of action to eliminate them. The results are then evaluated and the process is repeated. This analysis renews and expands the efforts of the state to achieve fair housing in Arizona.

These efforts are primarily shared by two state agencies. The Arizona Department of Housing assumes responsibility for providing outreach and education activities in the non-CDBG entitled areas of the state, while the Arizona Attorney General's Office assumes responsibility for enforcement.

Impediment #1

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

Based on the community survey, interviews, the experience of staff of public and private housing agencies, and observations by fair housing enforcement and education and outreach providers over the last several years, three things are evidenced. First, housing consumers are not well informed regarding their rights under FHA. Second, many consumers do not know what housing discrimination entails and cannot recognize it when it occurs. Third, most housing consumers do not know where to report housing discrimination, how to file a complaint nor where to go for help if they encounter discrimination. ADOH also identified this impediment in the 2005-2009 Consolidated Plan as an objective that will be addressed over the next 5 years.¹

Action Plan for Impediment #1:

The Plan of Action to eliminate this impediment includes the following:

1. ADOH will continue to fund education and outreach (E&O) throughout non-metro Arizona as it has since 1994. ADOH presently contracts with a fair housing provider to conduct education and outreach throughout the non-CDBG entitled areas of the state. This includes (but is not limited to) the following:
 - a. Conduct four (4) fair housing workshops targeting housing consumers in each of the rural 13 counties in Arizona. These workshops will be offered in Spanish if appropriate. Last year about 28% of the workshops and presentations were provided either completely or partially in Spanish.
 - b. Provide four (4) presentations in each of the 13 rural counties at sessions sponsored by local organizations.
 - c. Provide a presence (e.g. staff a table) and distribute fair housing materials at a minimum of two (2) events in each of the 13 rural counties (e.g. county fair).
 - d. Identify and establish a minimum of fifteen (15) sites per rural county at which fair housing literature will be distributed on an on-going basis, and ensure that sufficient materials are always on hand each 12 month period.
 - e. Distribute at least 12,000 pieces of fair housing literature in the rural county service areas annually.
 - f. Ensure that all training and outreach, including materials, are offered in English and Spanish.

¹ ADOH 2005-2009 Consolidated Plan, pgs. 11-12

- g. Conduct at least two (2) local radio talk shows regarding fair housing that will be broadcast in each county that has such capacity.
- h. Partner with statewide organizations, local groups, local governments, fair housing based groups, schools libraries, disabilities groups, non-profits, and others to plan and conduct these activities.
- i. Participate in all Arizona Fair Housing Partnership (AFHP) quarterly meetings.
- j. Conduct the above activities out of locally based outreach offices provided by collaborating agencies in rural counties and including Benson, Bisbee, Douglas, Flagstaff, Nogales, Safford, Sierra Vista, and Yuma.
- k. ADOH will support and through its E&O subcontractor will actively participate in activities conducted and sponsored by the Arizona Fair Housing Partnership (AFHP).
- l. ADOH will annually request a proclamation from the Governor declaring April Fair Housing Month. This proclamation is helpful in building awareness of Fair Housing throughout the state and kicks off fair housing activities that are conducted in April.

Impediment #2

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

This AI investigation, which included interviews, surveys, the results of systemic testing, and the observations of fair housing providers conducting E&O over the last several years showed that many real estate agents, property managers, property owners, media advertising agents, home insurance agents, lenders, and other providers are not as well informed as they need to be regarding compliance with fair housing laws. Several problems were evidenced, including the following:

While fair housing training is available many providers do not obtain the training or information that can help them.

Some property managers may not account for high staff turnover and provide training for staff as often as is needed.

Some small property owners may be misinformed and believe they are exempt from the Fair Housing Act and need to comply.

There are many grey areas between such issues as security, safety, and liability on one hand and housing rights on the other. Many providers

need up-to-date information in these areas in order to make better informed decisions.

Housing providers in rural areas often need to drive long distances at considerable expense to receive the training they need.

Action Plan to Address Impediment #2

1. ADOH will continue to contract with a state certified provider to conduct fair housing training to housing providers throughout the non-metro rural areas of the state. To overcome the barrier of time and distance for providers these trainings will take place in the rural areas themselves.
2. ADOH will continue to contract with a provider that is able to offer continuing education units (CEUs) to real estate agents in non-metro areas throughout the state. CEUs provide an effective incentive for agents to participate in quality fair housing trainings. The current ADOH contract with SWFHC runs until July 2007 and provides for four (4) fair housing workshops annually in each county for real estate agents, landlords, property managers, lenders, housing authority staff, and non-profit housing program staff.
3. ADOH will contract with a provider to develop and distribute educational materials to housing providers. Presently, the current ADOH contract with SWFHC includes the distribution of 12,000 pieces of literature annually to both housing providers and consumers.

Impediment #3

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

Affordable housing is an issue that is interwoven into the economic, political, social, and cultural fabric of every community in the state. While the reasons for needing affordable housing can be argued, there is a relationship between affordable housing and fair housing. Economic, political, and social factors - as well as many housing policies - both on a state and community level have a decisive impact on creating or eliminating barriers to fair housing. The relationship between affordable and fair housing is evidenced, in part, by the following:

- The availability of affordable housing has a disparate impact on persons protected under the Fair Housing Act. Demographic, employment, and income data show that minorities, families with children (including single parent families), and persons with disabilities are proportionally overrepresented in low-income data and are most in need of affordable housing.

- Because of the connection between affordable housing and the protected classes covered by the Fair Housing Act, the term "affordable" is laden with inaccurate stereotypes. Thus, affordable housing and the policies that can make it happen may be opposed by Not In My Back Yard (NIMBY) groups for a myriad of specious reasons that may obscure the real intent of critics.
- The location of affordable housing is critically important to the financial, educational, and social well-being of protected classes. The distance and accessibility (e.g. public transportation) from affordable housing to employment, good schools, parks, hospitals, etc. may become fair housing issues.
- The disparate and less favorable provision of public services to affordable neighborhoods may create safety concerns, lower property values, induce redlining, and facilitate the deterioration of the neighborhood.

In virtually every interview and survey that SWFHC conducted in the state, the lack of affordable housing was expressed as the top housing priority.

Action Plan to Address Impediment #3

- ADOH administers a number of programs which directly create affordable housing. This AI is a component of the Consolidated Planning process and these programs are described in detail in the 2005-2009 Consolidated Plan (Con Plan). The reader is referred to that document for a discussion of the accomplishments of the state in creating affordable housing. In addition, the Con Plan also presents the strategies that the State will use to facilitate and support the development of affordable housing over the next five years.

In addition, ADOH will provide the following:

1. ADOH will direct their E&O provider to include information on the importance of affordable housing to fair housing in fair housing trainings and literature.
2. ADOH will conduct the annual "Governor's Housing Forum." Last year the event drew over 300 participants statewide. The following are just a few examples of the topics at previous breakout sessions:
 - a. Making the Case for Affordable Housing
 - b. Challenges Facing Public Housing
 - c. Non-profit 101: Fundamentals of the Affordable Housing Development Process for a Board of Directors
 - d. Tribal Housing Initiative Update

- e. The Business Case for Affordable Housing: Why we Need a Workforce Housing Plan
- f. Preserving Affordability: Strategies and New Ideas

Impediment #4

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

Many public and private agencies that work with housing consumers do not have clear and consistent procedures for reporting or referring people who are having problems in fair housing. Interviews and past experience by SWFHC in working with public and private agencies throughout the state for the last 10 years indicated that staff in these agencies reported that they receive few complaints they could identify as fair housing and are generally unsure of where to refer people. This indicates that staff members may not be trained well enough to recognize fair housing issues or understand what constitutes illegal housing discrimination. If fair housing complaints are not recognized, people do not receive the help they need or get referred to an agency that can help them. Also, inquiries, allegations and complaints are often not recorded and the true prevalence of housing discrimination is obscured. This, in turn, feeds a vicious cycle. A perception is fostered in residents that nothing happens and follow-up does not occur when a complaint is made and this discourages people from calling or making contact. This Action Plan seeks to break this cycle.

Action Plan to Address Impediment #4

1. ADOH will monitor the referral procedures of all CDBG recipients through an annual questionnaire. Recipients will identify procedures used to log contacts, identify the referral agencies, and participate in training if they lack adequate procedures or the knowledge to implement them.
2. ADOH will continue to invest its own resources and contract with a provider to offer training at no cost to the participant.
3. ADOH will enlist a subcontractor to provide printed materials to agencies listing where complaints can be referred and what components of an effective referral system entail.

Impediment #5

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

There were two areas in home lending that were identified as impediments to fair housing in Arizona. These were predatory lending and disparities in lending.

a. Predatory Lending:

The terms of home loans, including first mortgages, refinancing and home equity loans, are not public information and virtually unobtainable, except in rare cases. However, inferences can be made from interviews, anecdotal accounts, marketing, allegations, complaints, Home Mortgage Disclosure Act (HMDA) data and foreclosure rates. These indicate that predatory lending is found in Arizona, as it is nationwide.

Action Plan to Address Impediment #5: Predatory Lending

Predatory lenders can be located anywhere in the country and few are actually located in Arizona. This compounds the problem of addressing the issue. In addition, there is neither a federal nor state law prohibiting specific predatory lending practices. Also, a majority of predatory lenders do not report to the Federal Reserve and there is little information to monitor and evaluate. Nonetheless, while enforcement is limited, there is much that can and is being done in the area of education and outreach. The Action Plan to address predatory lending includes the following:

1. ADOH will direct the inclusion of information on predatory lending in fair housing education and outreach materials as well as trainings and presentations.
2. The annual Governor's Housing Forum may include sessions on predatory and abusive lending.
3. ADOH will cooperate with agencies that have responsive predatory lending education programs, such as American Association of Retired People (AARP), Fannie Mae, and the "Don't Borrow Trouble" campaign sponsored by Freddie Mac. The ADOH E&O provider will distribute these materials in the trainings, sessions and with the other fair housing literature statewide.

b. Disparities in Lending Affecting FHA Protected Classes:

SWFHC collaborated with the National Community Reinvestment Coalition (NCRC) in Washington D.C. to analyze the lending data for the State. The analysis in this report comes from the Home Mortgage Disclosure Act (HMDA)

reports that most lenders are required to file annually with the Federal Reserve Bank and includes data from 2004.

The analysis shows a number of concerning disparities. Among them are that Hispanics and Native Americans received significantly higher proportions of sub prime loans (loans with higher fees and interest rates and less favorable terms) than whites virtually everywhere in non-metro Arizona. Even allowing for income disparities by comparing all Hispanic and Native American borrowers with low-income borrowers these minorities had a significantly higher proportion of sub-prime loans. This result suggests that Hispanic and Native American borrowers are provided less favorable loans in a significant number of cases.

Action Plan to Address Impediment #5: Disparities in Lending

Using 2004 as a base line, annually review HMDA data to determine trends.

1. Include the issue of sub-prime lending in E&O to increase the awareness of consumers, direct them to sources of lending counseling before procuring a home mortgage, and inform them of foreclosure counseling if a sub-prime loan is the cause of default.

Impediment #6

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

The lack of information or increased difficulty in gathering direct evidence, including the following issues, were determined to be a significant barrier to fair housing:

1. Many communities lack a systematic and comprehensive intake and/or referral process for fair housing complaints.
2. The staff in public and private agencies who deal with the public need to be trained and re-trained on a regular basis in order to recognize fair housing issues and accurately and effectively process, refer, and log housing allegations.

The gathering of information for this AI made only too clear that critical information regarding fair housing is not readily available or, in many cases, not available at all. Further evidence came from surveys and interviews and feedback in trainings. Because information is often not available the true prevalence of discrimination is not known. In addition, the documentation needed for planning, evaluation, reports, and proposals to secure resources to

combat discrimination is not available. In all too many cases each time planning occurs or a proposal or report is drafted the “wheel” needs to be reinvented and a great deal of time and money is spent trying to put together information that many times has never been recorded. Planners are then forced to use indirect and often less persuasive evidence that critics are able to downplay. Accusations that the evidence does not prove discrimination occurs is less than accurate. The accumulation of a great deal of less direct evidence, such as racial and ethnic concentrations, surveys, interviews with informed respondents and feedback from trainings can provide powerful support for the identification of fair housing barriers and informed planning to combat these. However, the systemic collection of information regarding allegations, complaints, processing, and referrals and the way this information is collected and logged can only improve data collection and allow reports, proposals and planning to be conducted more expeditiously.

Action Plan to Address Impediment # 6

ADOH will encourage all CDBG recipients to fill out annual questionnaires that will provide some of the information discussed here. Other agencies will be encouraged to complete the questionnaires voluntarily.

Impediment #7

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

The data that SWFHC collected indicates that there has been insufficient auditing and monitoring for fair housing compliance by housing providers in non-metro areas. This data includes the proportion of testing that has been reported in non-metro areas versus metro areas.

Action Plan to Address Impediment #7

In 2003, in response to a HUD priority, SWFHC began to focus testing in border communities, Colonias, and communities near Native American reservations. The Southwest Fair Housing Council will continue to conduct this testing and will report to ADOH annually regarding the nature of the tests and the results. ADOH and its contractor will, in turn, use this information to plan responsive E&O activities. The Arizona Attorney General’s Office has also opened numerous satellite offices around the state to help increase their enforcement efforts.

Impediment #8

NIMBYism impedes both fair and affordable housing.

The NIMBY or the “Not in My Backyard” obstruction to affordable housing and policies that could reduce barriers is noted by HUD as a key impediment to affordable housing; however, there is such a demand for affordable housing in rural Arizona that many communities are actually encouraging development. Nonetheless, there are examples of opposition for multi-family and higher density development, primarily in existing neighborhoods. A few communities have reported that the public hearing process has been used to stop higher-density developments that require rezoning, and has delayed other higher-density developments that did not require rezoning.

Action Plan to Address Impediment #8

NIMBYism is not an easy issue to deal with since freedom of speech is rightly valued in our country. However, there are two things that can be done to respond to people’s expressions of fear regarding affordable housing:

1. ADOH will continue to educate the public about the value of affordable housing and cost-effectiveness of higher-density development. These issues will be included in trainings and literature.
2. The annual Governor’s Housing Forum will continue to have breakout sessions that include NIMBY opposition as topics. The purpose of the breakout sessions is to brainstorm effective strategies for working with local communities.

Impediment #9

Existing fair housing resources are underutilized.

While funding for fair housing activities is limited and getting scarcer, there are existing resources that are not being used effectively. Many public and private organizations that offer fair housing resources to their constituents and the public are underutilized. A better use of the resources that are available may help to improve fair housing compliance. This observation is based on interviews, surveys, feedback from trainings, and phone logs.

The following are actions that could be done to improve the use of resources that are already available:

1. The E&O provider under contract to ADOH will develop and distribute a list of fair housing resources organized by interest groups.

2. The Arizona Fair Housing Partnership will continue to include this issue on their agenda and in future activity plans.
3. The E&O provider under contract to ADOH will contact and encourage organizations to review the information they have provided information and referral agencies to assure that it is inclusive of any fair housing activities they offer and up-to-date.

II. JURISDICTIONAL BACKGROUND DATA

Historical Background:

Today, Fair Housing is playing out on a stage set by geography, climate, and history. The understanding of these dynamics helps to understand the current social, economic, and political vectors.

Geography:

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

The southern half of the state has desert basins broken up by mountains with rocky peaks extending northwest to southeast across central Arizona. To the south the Gila River, a major tributary of the Colorado, flows west across the entire state. This area has desert plains separated by mountain chains running north and south; in the west the plains fall to the relatively low altitude of 140ft. in the region around Yuma.

Although some mountain peaks receive an annual rainfall of more than 30 inches, annually precipitation in most of the state is low. Since the early 20th century, massive irrigation projects have been built in Arizona's valleys. The Roosevelt, Horse Mesa, Mormon Flat, and Stewart Dams irrigate the Salt River Valley. The Gillespie Dam along the Gila River irrigates the Yuma area. The

Coolidge Dam serves the area near Casa Grande in the Southeast. Finally, the Hoover, Glen Canyon, Davis and Parker, Imperial, and Laguna Dams along the Colorado serve California as well as Arizona. The Parker Dam feeds the Central Arizona Project which diverts water to Phoenix via a canal.²

Much of Arizona's history has been shaped by an inadequate water supply and competition for this scarce resource.³ The economic and residence patterns today are largely the result of political battles and policies to harness power and divert water for agriculture, mining, manufacturing and residential development from the rivers in or adjacent to Arizona. The battle has been both between power factions within the state and between states and the disparity of economies in localities today is largely a reflection of who won and who lost.

Racial and Ethnic History of Arizona

The original residents of Arizona are ancestral to some of the Native American populations in Arizona today and go back at least 10,000 years. The Spanish conquest of Mexico in the 16th century and their movement into Arizona in the 17th, along with the development of settlements and missions in the 18th century created a Hispanic culture in Arizona that was distinct from Native American culture, and, to an extent, in competition and in conflict with it.

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

The character of white culture and beliefs prevented an amalgamation and, instead, asserted a forced cultural assimilation that was resisted by both Hispanic and Native American populations. The result was cultural and residential segregation for Hispanics and the establishment of reservations for Native Americans. The history of white Anglo political, economic and social policies

² www.infoplease.com

³ The Columbia Encyclopedia, Sixth Edition. Columbia University Press. 2004

based on cultural beliefs and labor imperatives particularly in mining and agriculture has helped shape the impediments to fair housing that are active in Arizona today. In addition, communities in the state near reservations have been zones of fair housing tension between Native Americans and Anglos which is expressed in increased discrimination.

The tragedy of 9/11 has created new fair housing challenges as a balance is being sought between security and a fair and equitable immigration policy.⁴ Migration into the United States from Mexico has historically been driven by disparities in economies and the need for labor ever since Arizona was acquired by the United States. However, since 9/11, migration has become a burning issue. Some of the attitudes being expressed in cases of housing discrimination have been the result of stereotypes etched by the fear of terrorism and immigration controls and policies that many believe are not restrictive enough.

African Americans began to move into Arizona on the heels of white control of Mexican territory. This early migration was small and many came to escape slavery. In fact, early political and economic incentives for white control of the Southwest were designed to block the flight of slaves into Mexican territory and to increase the number of slave states. In 1861 Arizona joined the Confederacy. As the war ended in 1865, Arizona was declared a territory independent of New Mexico. After the war there was migration into the state by white southerners who felt they were either displaced or disenfranchised by Reconstruction in the south. This helped to establish the politically conservative base which continued to be bolstered by Mormon settlement and the migration of white collar Midwesterners in 20th century. The black population in Arizona grew slowly but significantly over the last quarter of the 19th century primarily because of employment opportunities in mining, manufacturing and as domestics. By 1900 the African American population of Phoenix had grown to 2.7% of the total population. In 1901 Arizona law prohibited "the marriage of a person of Caucasian blood with a Negro or Mongolian" and in 1909 de facto segregation was codified by the Territorial Legislature by enabling school districts to segregate on the basis of race and ethnicity. This law remained in force until 1954 when segregation was declared unconstitutional by the Supreme Court in the landmark case of *Brown v. Board of Education of Topeka*. At that time Arizona was one of only four states outside of the South permitting segregated schools. In

Jones, Susanne, and Tactaquin, Catherine, "Latino Immigration Rights in the Shadow of the National Security State: Responses to Domestic Preemptive Strikes". *Social Justice* vol. 31, Issue 1-2, 2004.

reality segregation had extended not just to schools but to every public venue in Arizona including restaurants, theaters, hospitals, hotels, swimming pools, buses, social clubs and housing, for almost a century. Even though segregation was precluded by law in Arizona after 1954 the racial attitudes on which segregation was based did not suddenly end and in fact linger to this day.⁵ In 1992, by referendum, Arizona was the last of the 50 states to declare a holiday to honor the Civil Rights efforts of Dr. Martin Luther King, Jr.

The African American population continued to grow in Arizona, along with other populations, during and after World War II because of employment opportunities in war industries and later in manufacturing and the military. Today, while the African American population in Arizona is about 3.5% of the total population, it is substantially higher in communities with manufacturing and military bases like the Phoenix metro area, Yuma, and Fort Huachuca near Sierra Vista. It is also in these areas that the number of housing discrimination complaints increase.

In the final analysis, it is important to recognize that social, political and economic factors provide a context for public and private policy decisions over the course of Arizona's history. It is for this reason that the AI is so important. Invariably it is today's policy decisions that will define the social landscape and the state of fair housing in Arizona in the future and for this reason it is imperative that these be informed decisions.

History of Fair Housing Legislation in Arizona

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

⁵ Governor Janet Napolitano, "Brown V. Board of Education 50th Anniversary Speech". ASU, May 1, 2004. http://www.governor.state.az.us/speeches/04_05_01.htm.

2. Population and Demographics

Statewide Data on Demographics, Income, Poverty, Employment, Housing Profile and Minority Concentrations

This section shows in narrative and table formats statewide data related to population, income, poverty, employment, and housing. The information presented was primarily obtained from the 2000 Census, 2000 HUD CHAS data, HMDA data, and various studies by ADOH and the Arizona Housing Commission.

Statewide Demographic Data

During the 1990s, the total population in Arizona increased by 40% (or by 1,465,400 people), from 3,665,228 in 1990 to 5,130,632 in 2000. As of 2004, the total population is 5,633,997 - an increase of 503,365 persons. Of the total new population, 84.5% live in the two metropolitan counties of Maricopa and Pima and the remaining 15.5% in the 13 rural counties. In terms of percentage population growth in the 1990s, Arizona was the second fastest growing state in the nation; Nevada was first.

The distribution of state population by race and ethnicity, based on the 2004 Census Bureau's American Community Survey, is as follows:

- 28.1% Hispanic origin.
- 36.2% minority (according to Population Statistics Unit of the Arizona Department of Economic Security).
- 77.4% White (Hispanic and Non-Hispanic White).

Further details regarding the population of Arizona are presented in Table 1:

Table 1: Arizona Population by Race and Ethnicity – Year 2004

Race or Ethnicity	Number	% of Total Population
Total Population	5,633,997	100%
One Race	5,503,262	97.7%
▪ White	4,359,283	77.4%
▪ Black or African American	170,057	3.0%
▪ American Indian and Alaska Native	270,662	4.8%
▪ Asian	123,766	2.2%
▪ Native Hawaiian and Other Pacific Islander	8,065	0.1%
▪ Some Other Race	571,429	10.1%
Two or More Races	130,735	2.3%
Hispanic or Latino*	1,584,217	28.1%
Not Hispanic or Latino	4,049,780	71.9%

Source: U.S. Census Bureau, 2004 American Community Survey.

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

Population by Age

Many people may think Arizona is a retirement state with a median age in the 40s or 50s; however, that is a myth rather than a reality. According to the 2004 Census Bureau estimates, the median age in Arizona was 34.1 years - lower than the U.S. median age of 36.2 years.

- **School-Age Population (Under 18 Years)** - Data presented in Table 2 shows the school age population (under 18 years) in Arizona is 27.4% of the total population.
- **Working-Age Population (18 to 65 Years)** - This population group comprises 60.0 % of the total population.
- **Retirement-Age Population (65 Years and Over)** – As of 2004, 12.6% of the total state population was 65 years old and over. It is important to note that almost 6% of the total population is 75 years or older. The number of people in this age category will increase significantly in the next 10 to 20 years, exerting much pressure on public resources allocated for services to this population group. More details are presented in Table 2.

Table 2: Arizona Population by Age – Year 2004

Selected Age Category	Number	% of Total Population
Total Population	5,633,997	100%
Under 5 Years	451,904	8.0%
Under 18 Years	1,543,715	27.4%
18 to 64 Years	3,380,398	60.0%
65 Years and Over	709,031	12.6%
65 to 74 Years	394,356	7.0%
75 to 84 Years	251,822	4.5%
85 Years and Over	62,853	1.1%

Source: U.S. Census Bureau, 2004 American Community Survey.

3. Income/Poverty

With the rapid economic growth over the last few decades, people in Arizona are still behind the U.S. in terms of average income. This is true for median household income, median family income, and per capita income, as presented in Table 4. The definitions of the three income measures are as follows:

- *Median Household Income* – Households, including one person households, incorporate both family income and non-family income. Many non-family households consist of either an elderly surviving spouse or a very young adult.
- *Median Family Income* – Family refers to the census definition of “householder” and one or more other persons living in the same household who are related by blood, marriage or adoption. This excludes one person households. Income is higher here than in other measures because families typically have more people earning incomes.
- *Per Capita Income* – Represents income received by all individuals who live in the area; the aggregate figure is divided by total population, giving per capita personal income.

Table 3: Average Income Indicators for Arizona and U.S. – 2004*

Average Income Indicator	Arizona	U.S.
Median Household Income	\$41,995	\$44,684
Median Family Income	\$48,995	\$53,692
Per Capita Income	\$22,105	\$24,020

Source: U.S. Census Bureau, 2004 American Community Survey.

* adjusted for inflation.

Lower incomes in Arizona are most likely due to a combination of lower wages, lower cost of living, lower manufacturing employment, weaker unions, higher minority concentration, and a highly market-oriented business environment.

Household Income by Income Category

Arizonans fair better than the U.S. average at the lower income brackets and fall below the U.S. average at the higher income brackets. For example:

- 8.6% of households in Arizona make less than \$10,000 per year, as compared to 9.5% for the U.S.
- 60.4% of households in Arizona make less than \$50,000 per year, as compared to 58% for the U.S.
- 10.8% of households in Arizona have incomes in the \$100,000 plus range, as compared to 12.9% for the U.S.

Further breakdowns on household income by income category are presented in Table 4.

Table 4: Household Income - 1999

Household Income	Arizona		U.S.	
	Number of Households	% of Total Households	Number of Households	% of Total Households
Total Households	1,901,625	100.0%	105,539,122	100.0%
Less than \$10,000	163,221	8.6%	10,067,027	9.5%
\$10,000 to \$14,999	120,770	6.4%	6,657,228	6.3%
\$15,000 to \$19,999	128,205	6.7%	13,536,965	6.3%
\$20,000 to \$29,999	270,248	14.2%	13,519,242	13.0%
\$30,000 to \$39,999	253,930	13.4%	17,446,272	12.3%
\$40,000 to \$49,999	210,511	11.1%	20,540,604	10.6%
\$50,000 to \$74,999	365,024	19.2%	10,799,245	19.5%
\$75,000 to \$99,999	184,026	9.7%	8,147,826	10.2%
\$100,000 or more	205,690	10.8%	2,322,038	12.3%
Median Household Income	\$40,558		\$41,994	

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

Household Income by Race and Income Category

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

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

For further details, please refer to Table 5:

Table 5: Median Household Income by Income Category and by Race or Ethnicity

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

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

Poverty by Race and Ethnicity

The total poverty rate in Arizona is slightly higher than the U.S. average - 13.4% for Arizona versus 12.4% for the U.S.

The rate of poverty for minority population in Arizona is significantly higher than the rest of population: 36.5% for American Indian and Alaska Natives, 23.6% for Hispanics, and 19.5% for Blacks, as compared to 9.9% for White. Further details on poverty by race and ethnicity are presented in Table 6.

Table 6: Poverty Rate by Race and Ethnicity – Year 2000

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

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

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

Poverty and Disability

In general, people with a disability have higher incidences of poverty than people with no disability.

- According to the 2000 Census, the percentage of population age 5 and older with disability status in Arizona was 20.1% for males and 18.7% of females. Comparable numbers at the U.S. level were 19.7% and 19.2% respectively.
- Of the persons with disability, 16.0% of males and 19.1% of females in Arizona were in poverty. Comparable numbers at the U.S. level were 15.3% and 19.7%, respectively.

Table 7: Poverty Status in Arizona by Disability Status for the Civilian Non-Institutionalized Population, 2000

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

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

4. EMPLOYMENT PROFILE

The main economic sectors in Arizona include services, government, and trade. The single largest economic sector is services, employing more than 1,130,300 people in 2005. Wholesale and retail trade provided 400,000 jobs. Many of these jobs are directly related to tourism, an industry that injects more than \$12 billion into the economy of Arizona each year.

In 2005, manufacturing accounted for 176,100 jobs - or approximately 7.1% of the employment statewide - and has historically generated almost 15% of wages and salaries.

The construction sector, also very important to the economy, accounted for 209,800 jobs or 8.5% of the employment in the state in 2005. This sector has experienced a substantial increase in construction activity over the past few years.

Table 8: Arizona Employment by Industry – January to October Average: 2005

	Employment Number	Percent of Total Employment
Government	405,800	16.4%
Professional and Business Services	347,800	14.1%
Retail Trade	304,000	12.3%
Educational and Health Services	272,900	11.0%
Leisure and Hospitality	250,700	10.1%
Construction	209,800	8.5%
Manufacturing	176,100	7.1%
Financial Activities	168,500	6.8%
Wholesale Trade	96,000	3.9%
Other Services	90,400	3.7%
Transportation, Warehousing and Utilities	78,100	3.2%
Information	46,000	1.9%
Agriculture	20,200	0.8%
Mining	8,800	0.4%
Total Employment	2,475,100	100.0%

Source: DES and ADOH.

Note: Employment data for Agriculture is from ES-202; all other data from Labor Force and Non-Farm Employment.

In terms of urban and rural split, 85.7% of total jobs in 2005 were located in the two metro counties of Maricopa and Pima and the remaining 14.3% in the 13 rural counties. The opportunity for employment in most rural counties is much more limited when compared to the urban counties. For example, the 2005 unemployment rate in Yuma and Apache Counties were 15.6% and 11.5%, compared to 4.1% and 4.5% for the two urban counties of Maricopa and Pima.

5. Housing Profile

Single family dwellings are the primary type of housing both in the state of Arizona and for the U.S. as a whole. Census Bureau's 2004 data reveals that 64.2% of the total housing units in Arizona are single family homes, 21.9% multifamily, and about 14% manufactured and other forms of housing. Comparable numbers for the U.S. are 66.8%, 26.0% and 7.2%, respectively. Specific numbers and percentages of housing units by housing type are presented in Table 9.

Table 9: Arizona and U.S. Housing Distribution by Housing Type

Housing Information Indicator	Arizona		U.S.	
	Number	%	Number	%
Total Number of Units in 2004:	2,458,231	100%	122,671,734	100%
Single Family	1,577,177	64.2%	81,948,803	66.8%
Multifamily	539,470	21.9%	31,918,520	26.0%
Manufactured or Mobile Homes	326,318	13.3%	8,717,845	7.1%
Other Type of Housing	15,266	0.6%	86,566	0.1%

Source: U.S. Census Bureau’s 2004 American Community Survey, and Arizona Department of Housing.

Homeownership Rate by Race and Ethnicity

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

Table 10: Arizona and U.S. Homeownership Rate by Race and Ethnicity - 2000

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

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

Housing Quality and Affordability

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

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

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

- 1.1% of homes in Arizona lack complete plumbing facility, as compared to only 0.6% nationally.
- 38.7% of renters in Arizona pay 30% or more of their incomes for rent, as compared to 36.8% nationally. The problem of cost burdened households is widespread and most contributes to the inability of a lower income households to live adequately with their incomes.
- 4.4% of households in Arizona live in overcrowded conditions as opposed to only 3% nationally.
- 4.2% of households in Arizona live in severely overcrowded conditions as opposed to only 2.7% nationally.

More details on housing quality and affordability criteria are presented in Table 11.

Table 11: Housing Quality Characteristics

Housing Quality Characteristics:	(Number of Housing Units) Arizona	(% of Total Housing Units) Arizona	(% of Total Housing Units) U.S.
Lacking Complete Plumbing Facility	21,088	1.1%	0.6%
Lacking Complete Kitchen Facility	20,999	1.1%	0.7%
Paying 30% or More for Housing Cost - Owners (Unaffordable)	233,355	22.6%	21.8%
Paying 30% or More for Rent - Renters (Unaffordable)	233,793	38.7%	36.8%
1.1 to 1.5 Persons Per Room (Overcrowded)	83,298	4.4%	3.0%
1.51 or More Persons Per Room (Severely Overcrowded)	80,394	4.2%	2.7%

Source: Census 2000, Arizona Department of Economic Security, and ADOH.

Non-Metropolitan /Rural Arizona Data on Demographics, Income, Poverty, Employment, and Housing Profile

This section shows in narrative and in table formats data related to population, income, poverty, employment, and housing for non-metropolitan Arizona. The information presented was primarily obtained from the 2000 Census, 2000 HUD CHAS data, Home Mortgage Disclosure Act (HMDA) data, and various studies by the Arizona Department of Housing and Arizona Housing Commission.

For the purpose of this study, metropolitan Arizona consists of Maricopa and Pima Counties and non-metropolitan (or rural) Arizona the remaining 13 counties.

In general, the non-metropolitan area of Arizona is much smaller in terms of population and economic activity. It has higher poverty rates, higher housing quality problems, higher concentrations of minority populations, lower job growth, and lower median household incomes. Specific demographic, economic, and housing differences between non-metropolitan and metropolitan areas of Arizona are presented in Tables 12, 13, and 14.

Population

- The 2004 estimated non-metro population of Arizona was 1,378,300, which is about 70% smaller than total metro population of 4,455,385.
- Minority population comprises 37.3% of the non-metro areas' total population, as compared to 31.6% for the metro areas.
- The share of Hispanic ethnicity as a percent of total population for the non-metro Arizona is 28.2%, as compared to 25.8% for the metro areas.

Table 12: Population

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

Source: 2000 Census, DES and ADOH.

Income, Poverty, and Unemployment Rate

- Per capita income in the non-metro areas of Arizona is significantly lower than metro areas: \$15,618 versus \$21,720.
- Poverty rate in the non-metro areas is much higher than the metro-areas: 19.0% versus 12.4%.
- Unemployment rate in the non-metro areas is 8.9%, which is significantly higher than 4.8% for the metro areas.

Table 13: Income, Employment and Unemployment Rate

Selected Indicators	Non-Metropolitan Arizona	Metropolitan Arizona
Per Capita Income	\$15,618	\$21,720
Poverty Rate 1999	19.0%	12.4%
% of Arizona Labor Force (2005)	20.4%	79.6%
Unemployment Rate (2005)	6.9%	4.2%

Source: 2000 Census, DES and ADOH.

Housing and Housing Quality

- In 2000, the homeownership rate in the non-metro areas of the state was 72.3% which is significantly higher than the 66.8% for the metro areas.
- A sizable portion of the housing in the non-metro areas of Arizona is comprised of manufactured housing and mobile homes – 28.8% as compared to only 8.5% for the metro areas.

Further details regarding housing quality comparisons are presented in Table 14:

Table 14: Housing and Housing Quality

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

Source: 2000 Census and ADOH.

1. Minority Concentration Areas

Minority Concentrations and Language by County

The following table shows the percentage of minorities by county and the percentage of languages other than English spoken at home by people over 5 years of age. This information is valuable in determining the need and focusing efforts for fair housing services and materials in languages other than English. Similarly, Map 8 shows the percentage of those who state they either do not speak English or do not speak it well. The percentages of the three largest racial and ethnic minorities in Arizona (Hispanic, Native American and African American) by county are also contained in Maps 3-6.

Table 15: Percentage Minority Population and Language by County

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

* Percentage of persons 5 and over who speak another language other than English at home

High Minority Census Tracts

Table 16 contains a list of census tracts for the non-metro counties of Arizona (off Indian Reservations) that have a minority population concentration ratio of 75% or higher (or the minority population rate of at least 200% of the state minority population rate of 36.2%). The primary minority group in all of the targeted census tracts is Hispanics.

The data presented in Table 16 also reveals that there is a strong relationship between minority population concentration, poverty rate, and income. For example, the majority of the selected census tracts with high concentration of minority populations also had higher poverty rates. Median family incomes in these census tracts were at low and moderate levels.

The data presented in Table 15 has been extracted from various data tables made available by the Federal Financial Institutions Examination Council (FFIEC). The Council is a formal interagency body empowered to prescribe uniform

principles, standards, and report forms for the federal examination of financial institutions by the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), and the Office of Thrift Supervision (OTS) and to make recommendations to promote uniformity in the supervision of financial institutions.

Table 16: High Minority Concentration Census Tracts in Rural Arizona

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

Source: FFIEC and ADOH.

7. Conclusions

The incidence of minority households experiencing housing problems of cost burden, overcrowding, or substandard conditions is very high. Since the percent of minorities who are low-income far exceeds their proportionate numbers in the general population, minorities suffer disproportionately in terms of their basic need of adequate, affordable shelter.

The highest concentration of racial and ethnic minorities occurs in the four counties along the border between the United States and Mexico and the three counties in northern Arizona with sizable Native American Reservations. These are counties in which evidence indicates housing discrimination is the highest in rural Arizona. Similarly, Table 16 indicates that 19 of the 21 census tracts that are the highest in percentages of minorities in rural Arizona are in three of the four border counties.⁶

The data indicates that language is also a fair housing issue in Arizona. To a lesser or greater extent, depending on the area of the state, there is a need for housing-related documents, services and ancillary literature to be in Spanish or another language as well as English. Again, this need is greatest along the border and near reservations. A failure to provide services and documents in Spanish, for example, can be disparate treatment under the Fair Housing Act and prevent individuals with limited English proficiency from knowing the terms of their housing-related transaction and being aware of violations of their fair housing rights.

III. EVALUATION OF JURISDICTIONAL CURRENT FAIR HOUSING LEGAL STATUS

The Arizona Fair Housing Act (AFHA) 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 processing. The Act also amended the Arizona Landlord and Tenant Act to bring it into compliance with the State Fair Housing Statute.

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

⁶ Census tracts in Maricopa and Pima Counties were excluded from consideration because these are urban counties outside of the State’s CDBG jurisdiction.

Compliance and Enforcement Division for processing. Either FHAP may also receive and process complaints independent of HUD.

The CDBG jurisdiction of ADOH covers the entire state of Arizona less the 14 independent CDBG entitlement jurisdictions (See Map # 1). These independent jurisdictions have the responsibility for developing their own AIs and conducting planning and reporting separate from ADOH. Every effort has been made to include information relevant only to the jurisdiction of the state in this AI but in some cases it is not possible. The Action Plan in this AI, however, is applicable only to the jurisdiction of the state.

Trends and Needs:

Arizona is undergoing extremely rapid population growth. From 1990 to 2000 the population grew from 3,665,228 to 5,130,632, a rate of over 40%. By 2004 the population increased another 11% and by year 2030 the population is expected to more than double from year 2000 to over 10,700,000.

This rapid expansion is creating a challenge for communities to create and sustain affordable housing. Housing markets have been booming and prices have been going up at a much faster rate than incomes.

As residential land becomes scarcer communities are going to have to make some tough decisions which will have a very strong impact on fair housing. For example, can large lot zoning be retained and still make homes affordable for the workforce that communities depend on? Where will people on fixed incomes, such as persons with disabilities, live? As the over-all population grows the elderly population also increases and, in turn, the number of people with disabilities, as well.

As fast as the metropolitan areas in Arizona are growing there are rural counties that are growing at an even faster pace. Mohave, Pinal, Yavapai, and Yuma counties all exceeded the growth rate of Maricopa County. Three of these have high minority populations and the fourth, Mohave, has the highest percentage of persons with disabilities relative to its total population in the state.

In the final analysis it is clear that rural Arizona is changing and as it changes, the need for fair housing will change. Both the Consolidated Plan and the Plan of Action presented here present a comprehensive strategy to deal with the changing needs for fair housing in the state.

IV. IDENTIFICATION OF IMPEDIMENTS TO FAIR HOUSING

1. Previous State of Arizona AI

In 2002, the responsibility for fair housing education and outreach and the preparation of the AI with its Plan of Action was transferred from the Department of Commerce (DOC) to the Arizona Department of Housing (ADOH). Because of this change and the fact that the people responsible for the AI have left DOC, some of the information about activities prior to 2002 is vague. ADOH has done its best to address these activities with the information available.

The State of Arizona Analysis of Impediments to Fair Housing submitted in 1996 identified the following Impediments and Action Plan:

- 1. A lack of knowledge of Fair Housing laws by housing consumers.**
 - a. Distribute public service announcements.
 - b. Continue to distribute brochure "Hopes, Dreams and Fair Housing."
- 2. A lack of knowledge of Fair Housing laws by housing industry agents, including realtors, builders, landlords, management agents, lenders and insurers.**
 - a. Focus training on segment of industry identified as most in need of training.
- 3. Lack of hard data on the extent of discrimination in the areas of homeownership, insurance, zoning, and permitting processes.**
 - a. Initiate activities which will result in the study of homeowner insurance. This will include the State Department of Insurance, Arizona State University, and the University of Arizona.
 - b. Approach the Arizona Planning Association and universities to conduct a study of the effects of zoning on a sample of rural Arizona communities.
 - c. Engage the Department of Commerce to provide technical assistance for rural comprehensive housing planning.
- 4. Testing of rental, sales, lending and insurance activities is intermittent and does not usually cover the State outside of Maricopa and Pima Counties.**
 - a. Meet with FHIPS to prioritize testing. At least one urban and one rural area will be tested. Funding will be sought.
- 5. Not-in-my-back-yard (NIMBY) attitudes concerning housing for low Income and disabled persons**

- a. Sponsor a meeting to discuss anti NIMBY strategies that have worked elsewhere.
- b. State will require CDBG recipients to advocate for support of housing to benefit low income.

A summary of fair housing activities conducted in response to the 1996 Plan includes the following.

Impediment 1

- a. Since 2003, SWFHC has distributed over 200 Fair Housing PSAs and videos produced on behalf of ADOH to media and organizations. The PSAs and videos concern fair housing in both the rental and sales market and have been made available in both English and Spanish.
- b. Since 1996, the State has distributed thousands of the brochure Hopes, Dreams and Fair Housing throughout the state.
- c. The State has continually funded a number of organizations to conduct education and outreach in its CDBG jurisdiction since 1996. In 2003 ADOH revamped its fair housing efforts through a more focused RFP process that eliminated duplicative investments in the urban areas of Arizona in favor of a heightened focus in rural counties. Southwest Fair Housing Council successfully proposed a comprehensive statewide effort touching all rural counties and intensively focusing on Impediment 1 and 2 noted above.⁷ These activities are discussed in some detail in Section IV.

Impediment 2

Since 2003, ADOH has contracted with SWFHC to provide E&O activities. These are discussed in Section IV, Number 4 of this analysis.

Impediment 3

- a. No information is available.
- b. No Information is available.

⁷ State of Arizona Consolidated Annual Performance and Evaluation Report (CAPER) FY2004

c. ADOH provides technical assistance for planning, including fair housing, to communities on a regular basis. The E&O provider under contract to ADOH also works with rural communities to plan and conduct fair housing programs, trainings, forums, and events. These activities are contained in the discussion of impediments #1 and #2 in this AI.

Impediment 4

The Arizona Attorney General's Civil Rights Division (AG) has continually conducted fair housing enforcement for the State of Arizona since 1991 when the Arizona Fair Housing Act was passed. Information regarding this and the enforcement provided by federally funded private fair housing organizations is discussed in Section IV.

In 2004, the AG implemented outreach into rural areas through offices staffed by volunteers who take and refer complaints on a regular basis. The AG presently has over 25 outreach offices throughout the State.

Impediment 5

- a. No information is available.
- b. No information is available.
- c. In 2004, ADOH conducted the first annual Affordable Housing Forum in Prescott. An issue at a number of break-out sessions included NIMBY impediments to affordable housing. The forum included over 300 participants from across the State. One goal of the forum was to have participants take the ideas discussed at the forum back to their home communities to help address issues that include NIMBYism. The forum will be held again this year with NIMBYism, again, addressed.

All five of the impediments identified in 1996 remain impediments and the Action Plan for the 2006 AI proposes several new ways these will be addressed.

2. Results of the Community Survey

Methodology

SWFHC conducted a statewide survey in the non-metro areas of Arizona that polled the opinions of 330 residents regarding fair housing and housing discrimination. The survey was either conducted in-person or distributed at community sites which represented a cross section of state residents, including those that are most at risk of encountering illegal housing discrimination.

The survey does not purport to be “scientific.” There was neither the budget nor the time to develop a survey that would allow the results to claim “statistical significance” and it is questionable whether such a survey would have been used if there had been. The important point is that the survey served the purpose for which it was intended. It collected a range of opinions that help to indicate fair housing problems in the state and actions that may be needed to address them. The survey is tightly focused, concise, clear, succinct, user friendly, and instructive in that participants learn about fair housing in the process of filling out the survey. It did not require a bevy of statisticians to conduct and process and the survey can be regularly conducted in order to help monitor the effectiveness of the Plan of Action. The most important outcome of the survey, along with the in-person interviews, was that the contacts and discussions by SWFHC with community organizations and residents served as a catalyst for an on-going concern and awareness for fair housing as well as planning and action where none had existed.

Further results of the survey findings are as follows:

Demographic Characteristics of Survey Respondents

Race/Ethnicity	
White Anglo	53.63%
Hispanic	31.12%
African American	3.03%
Native America	5.15%
Other	7.07%
Sex:	
Female	60%
Male	40%
Disabled	8.48%
Housing Status	
Own	50.6%
Rent	30%
Other	19.4%
Family Status	
Children in Family	63.33%
Household Size	
One	18.48%

Two	28.78%
Three	16.66%
Four	10.60%
Over 4	8.18%
No Response	17.3%
Average Household Income	\$42,314
Arizona Median Household Inc.	\$40,558

Key Fair Housing Survey Questions and Responses

Question 1: Have you ever encountered any form of discrimination or know someone who has?

- 27% responded yes.
- 65.5% responded no.

Question 2: Do you feel you are well informed on housing discrimination?

- 47.9% responded yes.
- 26.49% responded somewhat.
- 24.5% responded not enough or no.

Question 3: What would you do if you encountered housing discrimination?

- 5.5% stated they would ignore it.
- 23.6% would tell the person that they believed they were discriminating.
- 57.6% would report it to an agency.
- 13.3% said they did not know what to do.

Question 4: If you reported housing discrimination, whom would you report it to?

- 19.69% said to Southwest Fair Housing Council.
- 16.06 % said to HUD.
- 11% said to their Housing Authority.
- 7.57% said to the Arizona Department of Housing.
- 4.24% said to the Arizona Attorney General’s Office.
- 26.96% said various agencies none of which were concerned with housing discrimination.
- 14.48% said they did not know or did not respond.

Question 5: What can be done to prevent housing discrimination?

- 63.5% said more education in Fair Housing.
- 14.84% said more enforcement.
- 21.66% said something else needed to be done.

Question 6: Do you believe housing discrimination is occurring in your community?

- 43.42% responded yes.
- 20.39% responded it is likely.
- 8.55% said it was not likely.
- 17.76% said no.

Question 7: If you think housing discrimination is occurring, what types do you think are the largest problems?

Housing discrimination based on race, color, national origin, religion, sex, family status, or disability is illegal under Federal and State law. The following situations reflect some type of housing discrimination as reported by respondents who either encountered discrimination or know someone who has:

“Refusing, discouraging, or charging more to rent an apartment or buy a home.” This type of discrimination was reported by 27.20% of respondents.

“Discouraging a person from living where they want to live or steering them to another apartment complex or neighborhood.” This type of discrimination was reported by 21.20% of respondents.

“Refusing, discouraging, making it more difficult or charging more or providing less favorable terms on a home loan to buy, refinance, fix up or use the equity in a home.” This type of discrimination was reported by 10.61% of respondents.

“Refusing, discouraging or charging more for home insurance.” This type of discrimination was reported by 5.95% of respondents.

“Refusing to make a reasonable accommodation or allowing a modification to make an apartment more accessible for person with a disability.” This type of discrimination was reported by 12.67% of respondents.

“Predatory lending: unfair, misleading and deceptive loan practices.” This type of discrimination was reported by 9.31% of respondents.

Other, miscellaneous types of discrimination were reported by 13.06% of respondents.

Conclusions:

In reviewing the results of the survey the following are reasonable conclusions:

1. Housing discrimination exists in non-metro Arizona: About 27% of respondents to the survey stated they experienced housing discrimination or knew someone who had. Over 43% of respondents stated that they believed housing discrimination was occurring in their communities. Another 20% thought it was likely it was occurring.
2. Respondents believed that the most prevalent forms of housing discrimination were refusing or discouraging purchase or rental, disparate costs and fees, or limiting housing opportunity (steering) based on one of the seven protected classes.
3. Residents are generally not well informed regarding their fair housing rights and where to go if they encounter discrimination. Nearly one-quarter of respondents felt uninformed. Fifty percent felt they were informed but didn't know where to go to report housing discrimination or get help. Over 40% of respondents could not identify a housing entity to go to and only about 41% correctly identified agencies that took housing complaints.
4. While the results of the survey indicated both enforcement and education and outreach are needed in non-metro areas of Arizona, respondents overwhelmingly favored E&O over enforcement as a way to prevent housing discrimination.

In the final analysis it is accurate to say that discrimination directed toward protected classes is occurring in rural Arizona. Discrimination can be very subtle and difficult for the average person to recognize. In addition, some members of protected classes may know they are being discriminated against but do not know what to do about it or are fearful of retribution should they file a complaint.

2. Public Sector

a. Zoning and Land Use Codes

While ADOH recognizes that zoning may be a fair housing impediment in many communities, ADOH has no authority over local zoning. The issue needs to be addressed on a community level. Having said that, the issue of zoning is a topic of discussion at the Governor's Housing Forum and is included in fair housing literature distributed by the E&O provider under contract to ADOH.

b. Neighborhood Revitalization and Affordable Housing

Neighborhood revitalization can lead to gentrification, drive housing prices up, replace affordable housing with high cost housing, and displace lower income residents. ADOH is presently funding many communities for neighborhood revitalization projects. ADOH has not requested reports from grantees regarding these issues but, in the future, will ask CDBG awardees to address this issue in their proposals.

c. Subsidized Housing

Other than Section 8, the Low-Income Housing Tax Credits (LIHTC) program is the largest source of affordable housing for low-income families and individuals in Arizona. Since 1996, there have been over 75 projects creating approximately 4,500 low-income housing units in non-metropolitan areas.⁸

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

In return for the tax credit, the owners commit to restrict the rent. The rent restrictions agreed to by the owner remains in effect for at least 15 years and then the owner(s) are required to enter into agreements to retain the low-income character of the building for at least an additional 15 years.⁹

⁸ Arizona Low-Income Housing Tax Credit Completed Properties list.

⁹ LIHTC Application Form <http://www.housingaz.com>

d/e. Public Housing and Section 8

There are a total of 11 Public Housing Authorities (PHA) that operate within the CDBG jurisdiction of ADOH. In addition, the ADOH operates the Arizona Public Housing Authority (APHA). Public and Section 8 housing is limited to low-income families and individuals. The decision to provide public housing or a voucher is made by the PHA based on HUD regulations and in consideration of annual gross income, citizenship or immigration status, past rental history and criminal record. APHA also has oversight and monitoring responsibility for 107 subsidized properties, representing over 7,500 units throughout the State of Arizona. The properties, which receive rental subsidies through the Section 8 program of the U.S. Department of Housing and Urban Development, offer affordable housing to households that are below 50% of the area median income. APHA staff conducts site visits at least once each year to assess compliance with HUD regulations.

In addition to the tenant-based Section 8 programs provided by the 11 local PHAs within the State's CDBG jurisdiction, APHA provides a tenant-based program which is intended to provide Section 8 vouchers to residents in areas not covered by a local PHA. APHA provides a total of 59 vouchers to two counties in Arizona - Yavapai which receives 30 vouchers and Graham which receives 29. Tenant based Section 8 vouchers are portable and although issued by a local PHA or by APHA, may be used for Section 8 housing anywhere in the United States under the jurisdiction of a PHA in most cases.

f. Downtown Revitalization

ADOH funds downtown development programs in eligible communities through CDBG. ADOH, however, has not collected the information that would allow the impact of this development on fair housing to be determined. This is addressed in Impediment #6. In the future, ADOH will write this into the CDBG RFP and require that communities report both the expected impact in their proposals and the actual impact in their reports.

g. Property Tax Policies

As property values dramatically increased taxes are beginning to become a fair housing issue in Arizona. As indicated in Section II on demographics, rates of homeownership do not necessarily coincide with income. Some of the highest rates of ownership were in areas of lowest median income. There are a number of possible reasons for this. First, many homeowners in these areas bought their homes years ago when the price of housing in rural Arizona was low enough that even low-income families could purchase homes. Secondly, purchases

directly from owners through Contracts for Deed or verbal agreements are common in rural Arizona. These practices make it much easier to buy a home than going through a traditional lender. Lastly, a larger number of homes in rural areas are owner-occupied and fewer homes are purchased for investment and then rented.

Nevertheless, for whatever reason, the increase in property values in rural areas over the last few years has been dramatic. While property values have increased, tax rates have not changed to accommodate the increase and homeowners are paying significantly more. Increases have been as much as 20% annually for the last few years. Property tax increases across the board have a disparate impact on lower and fixed income owners. While the actual increase may be larger for higher income households low- and fixed-income households pay a higher proportion of their income; their discretionary budget is a smaller percentage of their income and any increase cuts more deeply into it. While exact statistics are not yet available, there are indications that a greater number of low and fixed income families (including a proportionally large number of person's with disabilities) are either losing their homes, going into default or are on the precipice of foreclosure, in part, because of increased property tax burdens.

The problem at this point is primarily local and not one that ADOH or State agencies can easily address.

h. Landlord Tenant Policies

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

Because there is considerable gray area between landlord/tenant and fair housing issues all public and private agencies that handle housing issues need to be encouraged to train their staff to recognize the difference and accurately process or refer clients. Impediment #1 and #4 address this issue.

i. Building Codes:

On a local level, inspection is more of an issue than is the language in the actual codes since virtually all local codes include a reference mandating compliance with the accessibility standards of the Federal Fair Housing Act. However, in fact, this is one of the areas of the Fair Housing Act with which there is least compliance. The problem is not so much in the design but in the construction and inspection. Statewide, SWFHC has filed over 25 design and construction complaints and mediated several others in the last five years and has come across numerous examples where the architectural plans complied with FHA but the actual construction did not. These errors were missed by the inspectors. As an example, the placement of environmental controls is a notorious problem. While six inches in the height of thermostats and electrical plugs goes unnoticed and seems like a small thing to someone who is not disabled, the variance can take that unit off the market for someone who uses a wheelchair. There are at least two things that can be done to reduce non-compliance and prevent expensive retrofitting after occupancy and the unit gets tested: contractors, builders, and property owners to monitor compliance during construction and, builders, contractors, property owners, and inspectors to receive the training they need to become informed in the requirements of the Fair Housing Act.

ADOH can facilitate this by continuing to provide E&O and training to these builders and contractors in trainings and the sessions offered in the Governor's Housing Forum.

3. Private Sector: Lending Policies and Practices

NCRC 2004 Home Lending Analysis of Arizona Counties

The National Community Reinvestment Coalition (NCRC) conducted portfolio and market share analysis using 2004 HMDA data with the following specifications: all single-family lending (ASF or home purchase, home improvement and refinance loans, combined); conventional and government-insured; single family units; owner occupied units; first liens; and in the following areas:

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

- Gila and Pinal, as a group.

For the portfolio share analysis, Table 17, NCRC evaluated the prime and subprime percent of loans of white borrowers, Hispanic borrowers, Native American borrowers, low- and moderate-income (LMI) borrowers, middle- and upper-income borrowers (MUI), and male and female borrowers. Lending patterns were then compared to the demographics of the counties to illustrate potential lending disparities.

In the market share analysis, Table 18, NCRC provides the market share percent figure, which compares the portion of subprime loans made to a particular borrower group to all loans (prime plus subprime) made to that same borrower group. The disparity ratio illustrates how much more often lenders made subprime loans to one borrower group compared to another borrower group. For example in Table 18 lenders made subprime All Single Family (ASF) loans to American Indians 2.6 times more often than white non-Hispanic borrowers.

Prime loans are loans made at prevailing interest rates to borrowers with good credit histories. Subprime loans, in contrast, are loans with rates higher than prevailing rates made to borrowers with credit blemishes. The higher rates compensate lenders for the added risks of lending to borrowers with credit blemishes. While responsible subprime lending serves credit needs, public policy concerns arise when certain groups in the population receive a disproportionate amount of subprime loans. When subprime lending in traditionally underserved communities occurs, price discrimination and other predatory and deceptive practices become more likely as residents face fewer product choices. For this analysis, loans are considered subprime if their price is reported per the new HMDA regulatory requirements for the 2004 data. The Federal Reserve Board states that the vast majority of loans with price reporting were subprime in 2004.

Portfolio Share Analysis

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

Cochise, Graham, Greenlee, and Santa Cruz

- While whites made up 67.64% of the households in these counties, lenders made approximately 61% of all prime, all single family (ASF) loans and 38.6% of all subprime ASF loans to white borrowers. Comparatively, Hispanics, which comprised 36.58% of the households in the area, received 32.58% of all prime ASF loans and 56.71% of all subprime ASF loans. Whites received a portion of prime loans that was 22.4 percentage points greater than subprime loans, and Hispanics received a share of subprime loans that was 24.1 percentage points greater than their portion of prime loans. Native Americans made up 2.62% of the households in these counties and received 1.77% of all the prime ASF loans and 3.57% of all the subprime ASF loans.
- The majority of prime ASF lending went to middle-to-upper income (MUI) borrowers at 82.26% while only 17.38% prime ASF loans went to low- to moderate income (LMI) borrowers. Similarly, 21.59% of subprime ASF loans went to LMI borrowers while 78.41% went to MUI borrowers. MUI households represent 60.90% of all households compared to the 39.10% of LMI households.
- Male borrowers received similar proportions of prime and subprime ASF loans, 57.61% and 53.21%; and females also received similar proportions of prime and subprime ASF loans, 42.39% and 46.79%. However, males comprised only 40% of the households while females comprised 60% of the households. Males received a share of prime loans that was 17.6 percentage points greater than their share of households. Females obtained a share of prime loans that was 17.6 percentage points less than their share of the area's households.

La Paz, Mohave, and Yuma

- Whites received 71.15% of all prime ASF loans made to all borrowers. Whites also received 63.25% subprime loans made to all borrowers though 82.14% of households were white. While 22.63% of households were Hispanic, lenders made 32.95% of all subprime ASF loans and 23.59% of prime loans to Hispanic borrowers. Of the prime ASF loans made, 3.25% were to Native Americans. However, 5.27% of subprime ASF loans were also made to Native Americans, who make up 2.54% of households.
- While 60.77% of households were middle-to upper income (MUI), lenders made 82.39% of all ASF prime loans and 79.19% of all subprime ASF loans to MUI borrowers. Comparatively, 39.23% of all households were low-to

moderate income, but lenders only made 17.61% of prime ASF loans and 20.81% of subprime ASF loans to LMI borrowers.

- In 2004, 39.95% of all prime ASF loans were made to women, while 40.45% of all subprime ASF loans were made to women. However, women made up 57.14% of households. Additionally, men received 60.05% of all prime ASF loans and 59.55% of all subprime ASF loans - yet males comprised only 42.86% of households in 2004.

Comparing Regions by Portfolio Share Indicators

Percent of Hispanic Households Compared to Percent of Subprime Loans

- When comparing the proportion of subprime loans made to Hispanic borrowers to the percent of Hispanic households, Cochise, Graham, Greenlee, and Santa Cruz counties performed worst of the seven regions. Hispanics represent 36.58 % of households but they account for 56.71 percent of all ASF subprime loans which is a difference of 20.13 percentage points. Conversely, the counties of Apache and Navajo performed best for this indicator as Hispanics represent 5.90% of the households but they account for 11.87% of all ASF subprime loans, a difference of only 5.98 percentage points.

Difference in Portion of Prime and Subprime Loans for Hispanics

- Cochise, Graham, Greenlee, and Santa Cruz counties performed the worst in the seven regions when comparing the percent of subprime loans made to Hispanic borrowers to the percent of prime loans made to Hispanic borrowers. Hispanic borrowers account for 56.71% of all ASF subprime loans while they only account for 32.58% of all ASF prime loans, a difference of 24.13 percentage points. In contrast, Coconino and Yavapai Counties performed best for this indicator. Hispanics received 5.23% of all ASF prime loans while at the same time receiving 10.82% of all ASF subprime loans, a difference of only 5.59 percentage points.

Percent of Native American Households Compared to Percent of Subprime Loans

- La Paz, Mohave, and Yuma Counties also had the largest percentage point difference between proportion of subprime loans made to Native American borrowers and percentage of Native American households. Native Americans represented 2.54% of households but they received 5.27% of all ASF subprime loans which is a difference of 2.73 percentage points. In the counties of Cochise, Graham, Greenlee, and Santa Cruz,

Native American borrowers comprised 2.62% of households but accounted for 3.57% of all ASF subprime loans, a disparity of .94 percentage points. Interestingly though, Native Americans in the counties of Apache and Navajo made up for 52.98% of households but accounted for 5.19% of all ASF subprime loans and 0.79% of all ASF prime loans. The very low percentages of loans to Native Americans in Apache and Navajo counties could be due to tribal trust land restrictions on collateral. Lenders hesitate to make loans on reservations when they cannot seize houses when borrowers are in default. Tribes and lenders have started collaborating on collateral issues.

Difference in Portion of Prime and Subprime Loans for Native Americans

- The counties of Apache and Navajo had the largest percentage point difference between the percent of subprime loans made to Native American borrowers and the percent of prime loans made to Native American borrowers. Native American borrowers received 5.19% of all ASF subprime loans and only .79% of all ASF prime loans, a difference of 4.41 percentage points. In Coconino and Yavapai Counties, Native American borrowers accounted for 4.16% of all ASF subprime loans, but only 1.21% of all ASF prime loans, a difference of 2.95 percentage points. However, statewide, Native Americans performed best for this indicator. Native Americans received 1.23% of all ASF prime loans and 2.73% of all ASF subprime loans, a difference of only 1.51 percentage points.

Market Share Analysis

Cochise, Graham, Greenlee, & Santa Cruz

- In the counties of Cochise, Graham, Greenlee, and Santa Cruz, 10.14 % of all single family (ASF) loans to whites were subprime compared to 26.44% and 24.13% of ASF loans to Native Americans and Hispanics, respectively that were subprime. Thus, Native Americans were 2.61 times more likely to receive a subprime loan than whites and Hispanics were 2.38 times more likely to receive a subprime loan than whites (24.13% divided by 10.14%). As well, 16.35% of all ASF loans to MUI borrowers were subprime in relation to 20.37 % of all ASF loans to LMI borrowers were subprime. As a result, LMI borrowers were 1.25 times more likely than MUI borrowers to receive a subprime loan. Lastly, 20.61% of all ASF loans to females were subprime while 17.85% of all ASF loans to males were subprime, meaning that females were 1.15 times more likely to receive subprime loans than males.

La Paz, Mohave, & Yuma

- In the counties of La Paz, Mohave, and Yuma, 21.66% of all ASF loans to Native Americans were subprime compared to 19.45% of all ASF loans to Hispanics that were subprime. Of all ASF loans to whites, 13.17% were subprime. These differences in market share illustrate a 1.65 disparity ratio for Native Americans to whites, and a 1.48 times disparity ratio for Hispanics to whites. Of all ASF loans to MUI borrowers, 15.91% were subprime compared to 18.87% of all ASF loans to LMI borrowers were subprime. Consequently, LMI borrowers were 1.19 times more likely to receive a subprime loan than MUI borrowers. Also, 17.50% and 17.81% of all ASF loans to males and females, respectively, were subprime.

Comparing Regions by Market Share Disparities

Native Americans

- In the counties of Apache and Navajo, 52.17% of all ASF loans to Native Americans were subprime compared to 11.97% of all ASF loans to whites that were subprime. Native Americans were 4.36 times more likely than whites to receive a subprime loan (52.17% divided by 11.97%). In Coconino and Yavapai Counties, Native Americans were 3.12 times more likely to receive a subprime loan than whites. Conversely, in La Paz, Mohave, and Yuma Counties, Native Americans were only 1.65 times more likely to receive a subprime loan than whites.

Hispanics

- Statewide, 25.72% of all ASF loans to Hispanics were subprime compared to 9.37% of all ASF loans to whites that were subprime. Hispanics were 2.74 times more likely to receive a subprime loan than whites. In Apache and Navajo Counties, Hispanics were 2.75 times more likely to receive a subprime loan than whites. In contrast, Hispanics were 1.48 times more likely to receive a subprime loan than whites in La Paz, Mohave, and Yuma Counties.

Low-and Moderate-Income

- Statewide, 18.33% of all ASF loans to LMI borrowers were subprime loans while 12% of all ASF loans to MUI borrowers were subprime. LMI borrowers were 1.53 times more likely to receive a subprime loan than MUI borrowers. In Apache and Navajo Counties, LMI borrowers were 1.45 times more likely to receive a subprime loan than MUI borrowers.

LMI borrowers were just 1.18 times more likely to receive subprime loans in the counties of Gila and Pinal.

Female

- In the counties of Cochise, Graham, Greenlee, and Santa Cruz, 20.61% of all ASF loans to females were subprime compared to 17.85% of all ASF loans to males were subprime. Thus, females were 1.15 times more likely to receive subprime loans than males. In all other counties, the disparity ratios between males and females who receive subprime loans were within .05 percentage points of each other, consequently indicating no real significance in the differences.

Table 17: Home Mortgage Disclosure Act (HMDA) Data

Arizona All Single-Family Lending Analysis - 2004											
Location	Indicators	All		Prime		Subprime		Prime - Subprime	Demographics		Demographics - subprime
		Number	Percent	Number	Percent	Number	Percent		Number	Percent	
Cochise, Graham, Greenlee, Santa Cruz											
	Total Number of Loans	5,212	100.00%	4,374	100.00%	838	100.00%	0.00%	68,968	100.00%	0.00%
	Whites	2455	57.62%	2206	61.01%	249	38.60%	22.40%	41614	67.64%	29.04%
	Hispanics	1558	36.31%	1182	32.58%	376	56.71%	-24.13%	22506	36.58%	-20.13%
	Native Americans	87	2.04%	64	1.77%	23	3.57%	-1.80%	1613	2.62%	-0.94%
	LMI Borrowers	869	18.10%	692	17.38%	177	21.59%	-4.20%	26968	39.10%	17.52%
	MUI Borrowers	3932	81.90%	3289	82.62%	643	78.41%	4.20%	42000	60.90%	-17.52%
	Male	1300	56.77%	1068	57.61%	232	53.21%	4.39%	11735	40.00%	-13.21%
	Female	990	43.23%	786	42.39%	204	46.79%	-4.39%	17604	60.00%	13.21%
La Paz, Mohave, Yuma											
	Total Number of Loans	11,310	100.00%	9,565	100.00%	1,745	100.00%	0.00%	125,092	100.00%	0.00%
	Whites	6653	70.00%	5777	71.15%	876	63.25%	7.90%	93375	82.14%	18.89%
	Hispanics	2365	24.97%	1905	23.59%	460	32.95%	-9.36%	25728	22.63%	-10.32%
	Native Americans	337	3.55%	264	3.25%	73	5.27%	-2.02%	2888	2.54%	-2.73%
	LMI Borrowers	1887	18.13%	1531	17.61%	356	20.81%	-3.20%	49075	39.23%	18.42%
	MUI Borrowers	8519	81.87%	7164	82.39%	1355	79.19%	3.20%	76017	60.77%	-18.42%
	Male	3045	59.96%	2512	60.05%	533	59.55%	0.50%	21843	42.86%	-16.70%
	Female	2033	40.04%	1671	39.95%	362	40.45%	-0.50%	29125	57.14%	16.70%
Apache, Navajo											
	Total Number of Loans	1,925	100.00%	1,632	100.00%	293	100.00%	0.00%	49,987	100.00%	0.00%
	Whites	1403	86.07%	1235	88.28%	168	72.73%	15.55%	20482	42.04%	-30.68%
	Hispanics	79	5.04%	53	3.93%	26	11.87%	-7.94%	2872	5.90%	-5.98%
	Native Americans	23	1.41%	11	0.79%	12	5.19%	-4.41%	25810	52.98%	47.79%
	LMI Borrowers	267	15.04%	208	14.00%	59	20.42%	-6.42%	23726	47.46%	27.05%
	MUI Borrowers	1508	84.96%	1278	86.00%	230	79.58%	6.42%	26261	52.54%	-27.05%
	Male	380	52.92%	308	52.20%	72	56.25%	-4.05%	8477	36.21%	-20.04%
	Female	338	47.08%	282	47.80%	56	43.75%	4.05%	14934	63.79%	20.04%
Coconino/Yavapai											
	Total Number of Loans	10924	100.00%	9858	100.00%	1066	100.00%	0.00%	110455	100.00%	0.00%
	Whites	8090	85.43%	7424	86.28%	666	76.99%	9.28%	91033	84.61%	7.62%
	Hispanics	519	5.74%	429	5.23%	90	10.82%	-5.59%	8035	7.47%	-3.35%
	Native Americans	140	1.48%	104	1.21%	36	4.16%	-2.95%	9027	8.39%	4.23%
	LMI Borrowers	1988	20.38%	1756	20.05%	232	23.34%	-3.29%	40066	36.27%	12.93%
	MUI Borrowers	7766	79.62%	7004	79.95%	762	76.66%	3.29%	70389	63.73%	-12.93%
	Male	2476	52.23%	2188	51.96%	288	54.34%	-2.38%	21376	42.18%	-12.16%
	Female	2265	47.77%	2023	48.04%	242	45.66%	2.38%	29302	57.82%	12.16%
Gila, Pinal											
	Total Number of Loans	11792	100.00%	10028	100.00%	1764	100.00%	0.00%	81578	100.00%	0.00%
	Whites	7365	75.79%	6447	77.73%	918	64.51%	13.22%	59193	79.47%	14.96%
	Hispanics	1478	15.62%	1118	13.86%	360	25.81%	-11.95%	15518	20.83%	-4.97%
	Native Americans	143	1.47%	95	1.15%	48	3.37%	-2.23%	4745	6.37%	3.00%
	LMI Borrowers	3913	36.98%	3219	36.24%	694	40.85%	-4.61%	38719	47.46%	6.61%
	MUI Borrowers	6668	63.02%	5663	63.76%	1005	59.15%	4.61%	42859	52.54%	-6.61%
	Male	3147	56.64%	2584	56.82%	563	55.85%	0.96%	14251	40.99%	-14.87%
	Female	2409	43.36%	1964	43.18%	445	44.15%	-0.96%	20520	59.01%	14.87%
Rural AZ											
	Total Number of Loans	14918	100.00%	12559	100.00%	2359	100.00%	0.00%	210308	100.00%	0.00%
	Whites	9505	75.78%	8317	77.77%	1188	64.29%	13.48%	139311	70.22%	5.93%
	Hispanics	2174	17.65%	1631	15.57%	543	29.48%	-13.91%	34052	17.16%	-12.31%
	Native Americans	191	1.52%	134	1.25%	57	3.08%	-1.83%	31094	15.67%	12.59%
	LMI Borrowers	2283	16.56%	1807	15.75%	476	20.56%	-4.81%	87253	41.49%	20.93%
	MUI Borrowers	11506	83.44%	9667	84.25%	1839	79.44%	4.81%	123055	58.51%	-20.93%
	Male	3822	57.15%	3140	57.39%	682	56.04%	1.35%	37971	40.86%	-15.18%
	Female	2866	42.85%	2331	42.61%	535	43.96%	-1.35%	54966	59.14%	15.18%
Arizona											
	Total Number of Loans	264791	100.00%	230331	100.00%	34460	100.00%	0.00%	1901625	100.00%	0.00%
	Whites	160726	72.33%	145658	75.03%	15068	53.66%	21.38%	1397040	79.75%	26.09%
	Hispanics	42081	19.13%	31259	16.31%	10822	38.23%	-21.92%	331850	18.94%	-19.28%

Native Americans	3147	1.42%	2380	1.23%	767	2.73%	-1.51%	67858	3.87%	1.14%
LMI Borrowers	71610	29.67%	58483	28.14%	13127	39.20%	-11.06%	744693	39.16%	-0.04%
MUI Borrowers	169739	70.33%	149377	71.86%	20362	60.80%	11.06%	1156932	60.84%	0.04%
Male	75568	55.61%	63205	55.33%	12363	57.09%	-1.76%	380113	42.44%	-14.65%
Female	60329	44.39%	51036	44.67%	9293	42.91%	1.76%	515611	57.56%	14.65%

Table 18: Arizona All Single-Family Market Share Lending Analysis (2004)

		Applicant Race			Borrower Income		Gender	
		American Indian/ Alaska Native	Hispanic or Latino (Ethnicity)	White Non-Hispanic (Minority Status)	LMI	MUI	Male	Female
State of AZ								
	Subprime Loans	767	10,822	15,068	13,127	20,362	12,363	9,293
	Total Loans	3,147	42,081	160,726	71,610	169,739	75,568	60,329
	Market Share %	24.37%	25.72%	9.37%	18.33%	12.00%	16.36%	15.40%
	Disparity Ratio	2.60	2.74	1.00	1.53	1.00	1.00	0.94
Cochise, Graham, Greenlee, Santa Cruz								
	Total Loans	87	1,558	2,455	869	3,932	1,300	990
	Subprime Loans	23	376	249	177	643	232	204
	Market Share %	26.44%	24.13%	10.14%	20.37%	16.35%	17.85%	20.61%
	Disparity Ratio	2.61	2.38	1.00	1.25	1.00	1.00	1.15
La Paz, Mohave, Yuma								
	Total Loans	337	2,365	6,653	1,887	8,519	3,045	2,033
	Subprime Loans	73	460	876	356	1,355	533	362
	Market Share %	21.66%	19.45%	13.17%	18.87%	15.91%	17.50%	17.81%
	Disparity Ratio	1.65	1.48	1.00	1.19	1.00	1.00	1.02
Apache, Navajo								
	Total Loans	23	79	1,403	267	1,508	380	338
	Subprime Loans	12	26	168	59	230	72	56
	Market Share %	52.17%	32.91%	11.97%	22.10%	15.25%	18.95%	16.57%
	Disparity Ratio	4.36	2.75	1.00	1.45	1.00	1.00	0.87
Coconino/ Yavapai								
	Total Loans	140	519	8,090	1,988	7,766	2,476	2,265
	Subprime Loans	36	90	666	232	762	288	242
	Market Share %	25.71%	17.34%	8.23%	11.67%	9.81%	11.63%	10.68%
	Disparity Ratio	3.12	2.11	1.00	1.19	1.00	1.00	0.92
Gila, Pinal								
	Total Loans	143	1,478	7,365	3,913	6,668	3,147	2,409
	Subprime Loans	48	360	918	694	1,005	563	445
	Market Share %	33.57%	24.36%	12.46%	17.74%	15.07%	17.89%	18.47%
	Disparity Ratio	2.69	1.95	1.00	1.18	1.00	1.00	1.03
Rural AZ								
	Total Loans	191	2,174	9,505	2,283	11,506	3,822	2,866
	Subprime Loans	57	543	1,188	476	1,839	682	535
	Market Share %	29.84%	24.98%	12.50%	20.85%	15.98%	17.84%	18.67%
	Disparity Ratio	2.39	2.00	1.00	1.30	1.00	1.00	1.05

4. Public and Private Sector

a. Fair Housing Enforcement

Data from the Arizona Attorney General's Office

The Civil Rights Division of the Arizona Attorney General's Office ("Division") enforces the Arizona Civil Rights Act, including the Fair Housing Act, which prohibits discrimination in employment, voting, public accommodations and housing. The Division, through its Compliance and Litigation Sections, investigates and litigates civil rights complaints. The Division serves as a "substantially equivalent" enforcement agency through HUD and vigilantly addresses fair housing issues statewide.

The Division works to increase public awareness of fair housing laws by providing access to victims of discrimination through the filing of complaints and litigation, and by promoting community education and dispute resolution services. The Division will continue to focus on the filing of housing complaints to increase impact housing litigation and on education and outreach to vulnerable victims, including disadvantaged groups such as immigrants, seniors, low income and disabled individuals.

Table 19 below enumerates, by county, the number of charges filed between September 1990 - November 1995 and September 2000 - November 2005.

It should be noted that approximately one-half of the population in Arizona resides in Maricopa County (Phoenix and suburbs) and another one-third resides in Pima County (Tucson). These two counties are also where the Division maintains offices.

**Table 19: Geographical Location of Housing Complaints Filed
September 1990 - November 1995 and Sept. 1990 – November 2005**

County	Community	No. of Charges Filed Sept. 1990 – Nov. 1995		No. of Charges Filed Sept. 2000 – Nov. 2005	
		Total	Monthly Average	Total	Monthly Average
Maricopa	Phoenix and suburbs	413	6.6	480	7.7
Pima	Tucson	325	5.2	256	4.1
Yavapai	Prescott	9	0.1	13	0.2
Coconino	Flagstaff	7	0.1	11	0.2
Yuma	Yuma	6	0.1	12	0.2
Cochise	Sierra Vista	3	0.0	3	0.05
Gila	Payson	3	0.0	2	0.03
Mohave	Bullhead City	2	0.0	3	0.05
All Other Cities		0	0.0	0	0

The primary alleged bases of current housing complaints involve disability, race, and national origin. The primary alleged issues are discriminatory refusal to rent; discriminatory terms, conditions and privileges relating to services and facilities in rental properties; and discriminatory lending practices.

b. Education and Outreach Programs

Analysis of Education and Outreach Activities Conducted in Non-Metro Areas by SWFHC under contract to ADOH 2000-2005

SWFHC is currently the primary provider to ADOH for fair housing education and outreach. SWFHC has been conducting education and outreach for the State since 1993, first for the Department of Commerce and then for ADOH. To conduct an analysis of the E&O conducted by SWFHC over the course of the last six years, the state was divided into five areas in order to determine what activities have been conducted in which regions. The purpose of this analysis is to help planning in order to direct future E&O on a determination of need qualified by the intensity of past activities.

The Counties of Maricopa and Pima were not included in this analysis since they are both CDBG jurisdictions independent from the State and thus responsible for their own E&O activities and AI. Independent CDBG communities outside of Maricopa and Pima County such as Yuma and Flagstaff were included because the events and training conducted there will draw large numbers of residents and providers from the jurisdiction of the state.

While this analysis is concerned with a six year period it is important to consider that for the first four years of this period SWFHC was contracted by ADOH to conduct activities only in seven to nine of the most southern counties. In 2003, SWFHC began to conduct E&O for ADOH covering the entire state less Pima and Maricopa. While this skews the activities conducted in the southern counties this is somewhat offset by an increase in focus by SWFHC to the northern counties. Nevertheless, and despite this caveat, the following analysis is telling.

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

1. **Southeast:** Cochise, Santa Cruz, Greenlee, Graham.
2. **Western:** Yuma, La Paz, Mohave.
3. **Northeast:** Apache, Navajo.
4. **North:** Coconino, Yavapai.
5. **Central:** Gila, Pinal.

The activities conducted by SWFHC were grouped into four categories:

1. **Planning Sessions and Meetings**
2. **Training Workshops**
3. **Presentations**
4. **Events**

Table #20
Geographic Distribution of Education and Outreach Activities Conducted by SWFHC
under Contract to the State of Arizona since FY 2000

	Planning Locations						Training/Workshops Locations						Presentations Locations						Events Locations					
	1	2	3	4	5	Total	1	2	3	4	5	Total	1	2	3	4	5	Total	1	2	3	4	5	Total
2000	2	13	0	0	1	16	2	0	0	0	0	2	2	1	0	0	0	3	0	1	0	0	1	2
2001	12	4	0	2	2	20	1	1	0	0	0	2	1	2	0	1	1	5	7	2	0	0	0	9
2002	13	1	0	1	3	18	3	1	0	2	2	8	2	0	0	1	0	3	8	0	0	0	0	8
2003	10	3	4	5	1	23	4	6	1	5	1	18	0	0	0	0	0	0	12	2	0	2	1	17
2004	4	2	3	16	1	26	5	11	8	7	7	38	9	5	0	0	0	14	3	8	1	4	1	17
2005	3	1	1	13	0	18	7	6	2	8	4	27	0	0	1	1	0	2	6	9	6	1	1	23
Total	44	24	8	37	8	121	22	25	11	22	14	95	14	8	1	3	1	27	36	22	7	7	4	76

This table allows us to determine that over a six year period the most planning sessions (36.4%) presentations (51.9%) and events (47.4%) were conducted in the southeast portion of the state while most trainings were conducted in the western region (26.3%). This coincides with the statements of interviewees that border areas and Colonias are high problem areas in terms of housing discrimination. The high number of trainings in the western area of the state is in part a result of the rapid increase in the number of new homes constructed in Yuma and Mojave Counties. SWFHC is a state-certified real estate training school for purposes of fair housing and offers three (3) continuing credits to real estate agents for these three-hour training classes. State certified continuing credits are required every two years for the renewal of an Arizona real estate license. The classes have proven very popular in the western area of the state since agents might otherwise need to drive to Phoenix to obtain the credits they need.

The comments that were made by interviewees suggest that in the future more E&O needs to be conducted in the northwest and in Coconino County in the north. These are areas of high Native American populations where substantial numbers look to work and live off the reservation. Over six years less than 10% of E&O conducted in the state by SWFHC was conducted in the northeast region - although if Coconino County is added in the total increases to closer to 25%. Nevertheless, an increase in E&O is warranted and in the last few years the number of contacts SWFHC has made in Apache and Navajo Counties has grown to the extent that a substantial network has developed to support increasing and improving E&O.

The Arizona Attorney General's Office has reported a total of approximately 780 fair housing complaints throughout Arizona since 2000. Only 44 of these were from rural areas outside of Maricopa and Pima Counties. SWFHC has reported a total of 587 fair housing complaints over the last five years of which 51 were from rural counties. Many more allegations are received either directly or indirectly through agency staff, housing agents, public officials, and residents. The Attorney General's Office has referred to complaints and allegations as the tip of the iceberg with fully 99% of fair housing violations going unreported. This assessment is supported by statements from interviewees, survey respondents, the number of anecdotal reports, discussions with housing agencies, as well as hard data that strongly implies the results of discrimination including demographics and HMDA. The question that is continually asked is why the

number of complaints would not reflect the pervasiveness of discrimination that is evidenced in so many other ways? One answer is that if people are not adequately informed regarding their fair housing rights and responsibilities, a clear referral procedure is not available to direct complaints to enforcement agencies and effective enforcement and monitoring of compliance is not occurring, complaints will not be filed

Based on the community survey responses, interviews with knowledgeable informants and the observations that SWFHC has made in working in communities throughout Arizona for over 10 years, three things are evident. First, housing consumers are not well informed regarding their fair housing rights, what housing discrimination entails, where to go to get help if they think they have encountered housing discrimination and how to file a complaint. Regarding the survey, over 50% of the respondents stated that they were not well-informed about fair housing. In addition, 21 out of the 25 interviewed stated they did not feel that residents in the community were adequately informed regarding fair housing. Also about 70% of respondents to the survey stated that they felt that education was the most effective way to combat housing discrimination.

Second, until a few years ago, much of the E&O that had been conducted in rural areas had been spotty and inconsistent with limited follow-up and, thus, did not engender the confidence and trust people needed to come forward with complaints.

Third, the amount and results of enforcement affects whether people believe it will help them and influences whether they will come forward to complain or, rather, accept acts of housing discrimination as “fate” and something they cannot do anything about. In the last few years enforcement has begun to increase the focus on rural areas.

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

more than tripled (128), and the complaints filed with HUD more than doubled (52).

While the resources exist, many people do not avail themselves of information that could help them. Alarming, about 45% of rental units that SWFHC has tested and have been built in the last 15 years are not totally compliant with the accessibility requirements of FHA. Some of the reasons suggested for the problems that many property owners or managers have with compliance indicate that the issues could be addressed by education and outreach.

1. Property management staff may not be adequately trained, nor do some property owners monitor their management company practices for compliance with FHA. Exacerbating the problem is the high turnover of staff. For example, SWFHC had filed three complaints against one property management company over a two year period (2001-2003). The problem was basically that new staff was not promptly trained and as a result some were consistently and egregiously violating FHA.
2. Some small property owners may be misinformed and believe they are exempt from FHA and need to comply. For example, a four-unit dwelling is only exempt if the owner is living in one of the units and an exemption does not apply to an owner of a single family dwelling if the seller uses a realtor's services to sell their home.
3. There are many gray areas between such issues as security, safety, and liability on the one hand and housing rights on the other. Today understanding the distinction is more important than ever; property managers and owners need training in order to make informed decisions involving complex issues.
4. Housing providers in rural areas can be poorly informed and not be aware of the fair housing training resources available to them in their own area. Some believe they need to drive to Phoenix or Tucson to receive the training they need and this can result in delays for them and their staff.

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

1. State of Arizona Activities:

The foremost participant in activities which enforce fair housing in Arizona is the Office of the Attorney General. The Civil Rights Division has the authority, as a designated "substantially equivalent agency," to actively investigate and litigate fair housing violations throughout the state.

The Arizona Department of Housing has also actively worked to further fair housing by funding activities which provide forums for discussion and education. The Governor's Housing Forum, which attracts persons from around the state involved in housing, provides workshops on fair housing issues. ADOH has also funded fair housing activities for the past several years. These activities include the following:

Southwest Fair Housing Council received a two-year \$300,000 contract in 2005 to provide education and training through distribution of materials, participation in seminars and workshops, and conducting radio talk shows on fair housing.

Southwest Fair Housing Council received a two-year \$265,000 contract in 2003 to use for education and advocacy programs related to fair housing in the 13 rural counties of Arizona.

Southwest Fair Housing Council (then the Southern Arizona Housing Center) received a \$48,633 contract in 2002 to further fair housing education in several central and southeastern Arizona rural counties.

Arizona Fair Housing Center received a \$49,225 contract in 2001 to provide fair housing training in Maricopa, Coconino, Yavapai, Navajo, and Apache counties.

Community Legal Services received a \$27,558 contract in 2000 provides on fair housing education issues in La Paz, Mohave, and Yuma counties.

The Southwest Fair Housing Council (SWFHC) had been instrumental in educating consumers and housing providers in Arizona on fair housing laws. As of June 2005, SWFHC created a fair housing rental and sales videotape for use with housing consumers. Thus far, 17 DVDs and 45 videotapes have been distributed to 23 locations throughout Arizona. A pilot program has been started in Pima County with the Tucson Indian Center and the Section 8 program whereby TV/VCR units are being placed in public waiting areas where the videotape created on fair housing will be looped and the message will be shown

several times per day. If this pilot works well, SWFHC will consider placing TV/VCRs throughout Arizona.

SWFHC has provided Section 504 accessibility training in October 2004 to approximately 240 housing providers including the Navajo Nation Housing Authority and in May 2005 to Arizona Department of Housing staff; conducted 12, three-hour continuing educational unit (CEU) classes for 316 realtors throughout the state; and conducted fair housing workshops for 70 rental properties, reaching 1,053 rental industry employees along with 47 classified advertising staff with various Arizona newspapers.

2. Enforcement Activities Conducted by HUD funded Private Fair Housing Organizations (FHOs)

Testing¹⁰:

Testing is an investigative tool to help determine if illegal housing discrimination is occurring at any particular housing site. A test is structured to control for socio-economic characteristics and isolate a protected class characteristic in order to determine if differences of treatment in the housing market are due to this characteristic. For example, if an African American male and a white male of similar age and with the same socio-economic background are sent to an apartment site and one is told that there are no apartments available and the other is shown a number of apartments, this would provide prima facie evidence of illegal housing discrimination. In the tables below this result is referred to as "Supports" (a charge of discrimination). Similarly, the reference "Does Not Support" indicates that there were no differences of treatment and "Inconclusive" means that while there may have been differences it was not clear that they indicated discrimination.

Auditing (testing) is an important component of fair housing enforcement since it can systematically review compliance by providers according to testing plans approved by HUD or other funding sources such as CDBG entitlement jurisdictions. In addition, testing can deter acts of housing discrimination. Either FHIPs or FHAPs can conduct testing.

¹⁰ The information included in this section was obtained from HUD through a FOIA request and report records from the Southwest Fair Housing Council. Information for the Arizona Fair Housing Center could not be included because they did not respond to requests for information.

The information presented here was provided by HUD in response to Freedom of Information Act (FOIA) requests by SWFHC. HUD was only able to provide this information back to 2003. Reports prior to that time were in the process of being archived in Washington.

**Fair Housing Initiative Program (FHIP) Audits Conducted by SWFHC and AFHC
from HUD Records
2003-2005**

Year	Rental	Sales	Lending	Disability	Totals
2003	91	41	33	60	225
2004	202	20	20	99	341
2005**	168	7	9	85	269
Totals	461	68	62	244	835

** The information for 2005 is for three quarters; fourth quarter reports are due 3/31/ 06.

Results of Audits:

The following are the results of systemic testing by the Southwest Fair Housing Council under contract to HUD from 3/1/2000 to 2/28/2006. The testing was conducted throughout the State of Arizona but focused on the Metropolitan Areas of Tucson and Phoenix. A total of 1,288 tests were conducted of which 155 were in rural areas of the State or about 12%.

The Results of Testing in Arizona Conducted by SWFHC from 3/1/2000 to 2/28/2006

Apartment Rental

Basis/Outcome	Race	National Origin	Familial Status	Accessibility	Disability	Total
Supports	37	53	13	81	27	211 (24.4%)
Does Not Support	93	107	19	56	63	338 (39%)
Inconclusive	81	115	21	43	57	317 (36.6%)
Totals	211	275	53	180	147	866 (100%)

Home Sales

Basis/Outcome	Race	National Origin	Total
Supports	45	32	77 (28.8%)
Does Not Support	43	25	68 (25.5%)
Inconclusive	56	66	122 (45.7%)
Total	144	123	267 (100%)

Mortgage Lending

Basis/Outcome	Race	National Origin	Total
Supports	37	10	47 (30.3%)
Does Not Support	19	28	47 (30.3%)
Inconclusive	34	27	61 (39.4%)
Total	90	65	155 (100%)

Conclusions

Overall, the percentage of tests which showed unfavorable differences of treatment for protected class testers was 26%. The percentages ranged from about 24% in the rental market to over 30% in home mortgages. In other words, one out of four individuals who are racial or ethnic minorities or are disabled (testing for other protected classes are not shown here) can expect to face discrimination in the housing market. The largest disparity of treatment was in accessibility (often referred to as the design and construction requirements) for persons with disabilities. Testing showed that 45% of apartments that were constructed and occupied after 3/13/1991 were not in compliance with FHA.

The audits provide evidence that housing discrimination exists throughout Arizona. A second conclusion that can be drawn from the results of testing is that the level of discrimination is as high as or higher than the national average. This AI outlines actions to help ensure fair housing choice in Arizona.

C. Private Sector Activities

There are a sizable number of fair housing resources offered by private organizations and agencies either located or operating in Arizona. The following is a partial list:

The Arizona Fair Housing Partnership

The Arizona Fair Housing Partnership (AFHP) was initiated in 1998 as a statewide coalition of government agencies, housing industry representatives, non-profit organizations, and housing advocates for the following purposes:

1. Provide information to the public and policy officials regarding fair housing.
2. Sponsor fair housing training for housing professionals
3. Monitor discriminatory practices and recommend actions to overcome fair housing barriers.
4. Strive to achieve a discrimination free housing market in Arizona through the Partnership model of public/private collaboration and cooperation.
5. Recruit entities and individuals to promote equal access to housing opportunities.

AFHP currently has about 30 members throughout the state and full membership meetings are held twice annually. The eight-member Steering Committee meets every other month and there are several committee and ad hoc meetings conducted throughout the year.

Since its inception AFHP has facilitated and participated in community-based fair housing forums and activities throughout the state. Each April (Fair Housing Month) the partnership takes the lead in planning and facilitating public events designed to recognize the importance of full and fair access to housing in Arizona's neighborhoods and communities. Below are titles from representative public events:

- "Fair Housing: Then, Now and Tomorrow...The Changing Face of Housing Discrimination"
- "Fair Housing Summit 2001" – a two-day statewide conference
- "Fair Housing Workshop 2002...Housing Opportunities Made Equal"
- "The Impact of the Changing World on the Arizona Housing Community"
- "West Valley Fair Housing: Issues And Solutions"

- “Fair Housing – Special Issues and Compliance” (three-hour REALTOR continuing education class)
- “Fair Housing For the Real World: An Advanced Fair Housing Seminar”

In 2003, in collaboration with the Arizona Mortgage Lenders Association (AMLA), the Partnership co-sponsored a predatory lending awareness campaign in cooperation with the Arizona Diamondbacks baseball club. Posters in English & Spanish warned of the pitfalls of predatory loans.

In 2005, the Partnership collaborated with the Arizona Association of REALTORS to create a large poster with showing diverse housing consumers; promoting fair housing and giving contact information for persons who wish to file fair housing complaints.

In January 2006, the Partnership sponsored a second Fair Housing Legislative Briefing and Breakfast. The first had been conducted in October 2000.

Plans for 2006 include revising the Partnership’s brochure, securing a dedicated website and revising and streamlining AFHP’s governance and its meeting and activity schedule.

The Fair Housing Partnership has proven to be effective in mobilizing the housing industry and public and private agencies concerned with housing and conducting fair housing education and outreach activities that have helped to educate housing providers and consumers. In addition, by creating a venue in which fair housing agencies and organizations work together for common goals it has helped to break down barriers of distrust and to build bridges of communication and cooperation.

ADOH actively supports the Arizona Fair Housing Partnership by requiring its contractual E&O provider to be a member of AFHP, attend all meetings, and participate in AFHP events and activities.

Freddie Mac

Freddie Mac is a stockholder-owned corporation chartered by Congress in 1970 for the purpose of facilitating the supply of funding that mortgage lenders can make available to homebuyers. It does this primarily by buying mortgages from lenders, packaging the mortgages into securities and then selling – guaranteed by Freddie Mac- to investors. Mortgage lenders then turn around and use the proceeds from selling loans to Freddie Mac to fund new mortgages. One reason

that Freddie Mac is concerned about the recent increase in predatory lending is that it impacts on the stability of their securities through defaults and foreclosures. Freddie Mac currently sponsors the “The Don’t Borrow Trouble” (DBT) campaign. The campaign is a national education and outreach initiative that was piloted in Boston in 2000 and because of its success it has expanded to other communities nationwide, including Arizona. The DBT campaign targets home mortgage refinancing and home equity loans. These are areas where predatory lending is prevalent because existing homeowners often have built substantial equity. DBT is a comprehensive consumer awareness campaign combining public education and counseling services to help homeowners avoid lending practices that strip away their homes equity. DBT consists of seed funding, a bilingual media toolkit, project coordination, marketing, consultant services and onsite training. For the campaign to be successful it requires community collaboration, coordination and support. ADOH’s present E&O subcontractor, SWFHC, offers DBT to rural communities within the State’s CDBG jurisdiction.

The Arizona Department of Real Estate

The Arizona Department of Real Estate (ADRE) licenses real estate schools, instructors and authorizes curriculum. Presently, 90 schools throughout the state are certified. ADRE also licenses real estate agents and requires agents to attend at least three-hours of fair housing continuing education credit every two years. ADOH’S subcontractor, the Southwest Fair Housing Council, is an ADRE accredited Real Estate School for purposes of fair housing classes and, thus, is able to provide credits to real estate agents for the training sessions conducted throughout the state. Offering credit for trainings in rural areas is an important component of ADOH’s Fair Housing E&O program.

The Arizona Multihousing Association

The Arizona Multihousing Association (AMA) is a trade association representing the multihousing rental industry in Arizona. The purpose of AMA is to provide professional development, improve the image of the rental industry, influence legislation that affects the rental industry and assist members in operating financially sound and ethical businesses. AMA represents approximately 1,750 members throughout the state. Among the educational services provided by AMA are regularly scheduled, in depth, fair housing classes for managers, leasing agents and maintenance /service staff. AMA will also respond to fair housing questions by phone, post, or e-mail from members.

Arizona Department of Financial Institutions

The main purpose of the Arizona Department of Financial Institutions (ADFI) is to “regulate and supervise the financial institutions and enterprises of Arizona according to the statutes in ways that will not unreasonably impede economic growth or business activity.” ADFI is statutorily charged with licensing, supervision, and regulation of state chartered financial institutions and enterprises. The responsibility is twofold: ensuring the safety and soundness of State chartered financial entities, as well as compliance with applicable state and federal laws. The Department also reviews complaints that are filed by consumers against licensed entities when violations of state law or rules have been alleged and directs appropriate remedial action if violations are substantiated. A partial list of the financial entities regulated by ADFI include state chartered banks and credit unions, savings and loans, mortgage and loan brokers, money transmitters, and payday loans.

Conclusion

While there are a significant number of organizations that offer fair housing resources to their constituent providers and consumers it appears that they could be better coordinated. A better use of the resources that are out there could help to improve fair housing compliance. This observation is based on interviews, surveys, feedback from trainings and SWFHC phone logs. SWFHC makes on average about five referrals a day to organizations that have the resources that callers are requesting. For example, SWFHC receives calls from landlords across the state asking for information regarding what are ostensibly landlord tenant issues but could have fair housing implications. Another example is that despite that there are over 90 state certified providers across the state that can offer fair housing in their trainings, some rural real estate agents are unaware of these and assume they have to wait and drive long distances to a metro area for this training. The Arizona Department of Real Estate has a complete listing of schools and their locations are readily available on their website.

The following are actions that can improve the use of resources that are already available:

- The E&O provider under contract to ADOH will develop and distribute a list of fair housing resources organized by interest groups.
- AFHP will be asked to include this issue on their agenda and in future activity plans.
- The E&O provider under contract to ADOH will contact and encourage organizations to review the information that they provide including

referral agencies to assure that it is current and inclusive of any fair housing activities they offer.

VI. CONCLUSIONS AND RECOMMENDATIONS

The conclusions of this investigation and analysis are summarized in the Impediments that are presented in the matrix below. Similarly, the recommendations are included in the matrix as the Plan of Action. This matrix is intended to serve as a framework for the annual review and evaluation to be reported in the CAPER.

Action Plan Matrix

IMPEDIMENT	ACTION
<p>1. Many housing consumers lack knowledge of their fair housing rights, where to go for information, and how to get help if they believe they or someone they know have experienced housing discrimination.</p>	<p>ADOH will continue to fund education and outreach throughout non-metro Arizona as it has since 1994. The current E&O scope of work includes (but is not limited to) the following:</p> <p>Conduct four (4) fair housing workshops in each county in Arizona targeting housing consumers. These workshops will be offered in Spanish if appropriate. Last year about 28% of the workshops and presentation were provided either completely or partially in Spanish (English or Spanish translation).</p> <p>Provide four (4) presentations in each county at sessions sponsored by local organizations.</p> <p>Provide a presence (e.g. staff a table) and distribute fair housing materials at a minimum of two (2) events in each county.</p> <p>Identify and establish a minimum of fifteen (15) sites per county at which fair housing literature will be distributed on an on-going basis, and ensure that sufficient materials are always on hand each 12 month period.</p> <p>Distribute at least 12,000 pieces of fair housing literature in the 13 county service areas annually.</p> <p>Ensure that all training and outreach, including materials, are offered in English and Spanish.</p> <p>Conduct at least two (2) local radio talk shows regarding fair housing that will be broadcast in each county that has such capacity.</p>

1. (Continued)

Partner with statewide organizations, local groups, local governments, fair housing based groups, schools libraries, disabilities groups, non-profits and others to plan and conduct these activities.

Participate in all Arizona Fair Housing Partnership quarterly meetings.

Conduct the above activities out of locally based outreach offices provided by collaborating agencies in rural counties and including the following communities: Benson, Bisbee, Douglas, Flagstaff, Nogales, Safford, Sierra Vista, and Yuma.

ADOH will support and through its E&O subcontractor will actively participate in activities conducted and sponsored by the Arizona Fair Housing Partnership (AFHP).

ADOH will annually request a proclamation from the Governor declaring April Fair Housing month. This proclamation is helpful in building an awareness of fair housing throughout the state and kicks off activities that are conducted in April.

<p>2. Housing providers need to be better informed regarding their responsibilities to comply with the Federal Fair Housing Act.</p>	<p>ADOH will continue to contract with a state certified provider to conduct Fair Housing Training to housing providers throughout the non metro rural areas of the state. To overcome the barrier of time and distance for providers these trainings will take place in the rural areas themselves.</p> <p>ADOH will continue to contract with a provider that is able to offer Continuing Education Units (CEUs) to real estate agents in non-metro areas throughout the state at no cost and provide an effective incentive for agents to participate in quality fair housing trainings. The ADOH contract with SWFHC runs until July 2007 and provides for four (4) fair housing workshops annually in each county for real estate agents, landlords, property managers, lenders, housing authority staff, and non-profit housing program staff.</p> <p>ADOH will contract with a provider to develop and distribute educational materials to housing providers. Presently, the ADOH contract with SWFHC calls for the distribution of 12,000 pieces of literature annually to both housing providers and consumers.</p>
---	--

<p>3. There is a need statewide for more affordable housing.</p>	<p>The role of ADOH in developing affordable housing is contained in the 2005-2009 State of Arizona Consolidated Plan. In addition, ADOH will provide the following:</p> <ol style="list-style-type: none"> 1. ADOH will direct their E&O provider to include information on the importance of affordable housing to fair housing in fair housing trainings and literature. 2. ADOH will conduct the annual Governor’s Housing Forum.
<p>4. There is a need to improve the process for a fair housing complaint referral in many non- metro communities.</p>	<ol style="list-style-type: none"> 1. ADOH will monitor the referral procedures of all CDBG recipients through an annual questionnaire. Recipients will identify the procedures they use to log contacts, identify the referral agencies, and participate in training if they lack adequate procedures or the knowledge to implement them. 2. ADOH will continue to invest its own resources and contract with a provider to offer training at no cost to the participant. ADOH will offer this training to any agency and encourage CDBG awardees to obtain it. 3. The ADOH subcontractor will provide printed materials to agencies listing where complaints can be referred and what components of an effective referral system entail.

<p>5. Predatory practices and disparities in lending negatively impact protected classes in non-metro Arizona.</p>	<p>Predatory Lending includes the following:</p> <ol style="list-style-type: none"> 1. ADOH will direct the inclusion of information on predatory lending in fair housing education and outreach materials as well as trainings and presentations. 2. The annual Governor’s Housing Forum will include sessions on predatory and abusive lending. 3. ADOH will cooperate with agencies that have predatory lending education programs, such as AARP, Fannie Mae, and the “Don’t Borrow Trouble” campaign sponsored by Freddie Mac. The ADOH E&O provider will distribute these materials in the trainings, sessions and with the other fair housing literature statewide. <p>Disparities in Lending includes the following:</p> <ol style="list-style-type: none"> 1. Using 2004 as a base line, ADOH’s E&O provider will annually review HMDA data to determine trends and report these to ADOH. 2. ADOH will include the issue of sub-prime lending in E&O to increase the awareness of consumers, direct them to sources of lending counseling before procuring a home mortgage and inform them of foreclosure counseling if a sub prime loan is the cause of default.
<p>6. Information gathering and monitoring fair housing performance needs to be improved.</p>	<p>ADOH will require all CDBG recipients to answer an annual questionnaire that will provide some of the information discussed here. Other agencies will be encouraged to complete the questionnaires voluntarily.</p>

<p>7. Enforcement needs to be increased in rural areas. In particular, there needs to be greater focus on border areas, Colonias, and communities surrounding Native American reservations where discrimination has been shown to be particularly high.</p>	<p>In 2003, in response to a HUD priority, SWFHC began to focus testing in border communities, Colonias, and communities near Native American reservations. The Southwest Fair Housing Council will continue to conduct this testing and will report to ADOH annually regarding the nature of the tests and the results of tests conducted in all non-metro Arizona. ADOH will require this of any E&O contractor.</p>
<p>8. NIMBYism impedes both fair and affordable housing.</p>	<p>There are many things that can be done to respond to people’s expressions of fear regarding affordable housing. These include:</p> <ol style="list-style-type: none"> 1. Educate the public about the value of affordable housing and the importance of strategies to increase and diversify the housing stock. These issues will be included in trainings and literature. 2. The annual Governor’s Housing Forum will continue to have breakout sessions that include NIMBY-opposition as topics.

<p>9. Existing fair housing resources are underutilized.</p>	<p>The following are actions that can be done to improve the use of resources that are already available:</p> <ol style="list-style-type: none"><li data-bbox="873 352 1432 506">1. The E&O provider under contract to ADOH will develop and distribute a list of fair housing resources organized by interest groups.<li data-bbox="873 512 1432 623">2. AFHP will be asked to include this issue on their agenda and in future activity plans.<li data-bbox="873 630 1432 898">3. The E&O provider under contract to ADOH will contact and encourage organizations to review the information that they provide including referral agencies to assure that it is current and inclusive of any fair housing activities they offer.
---	--