

CITY OF TEMPE ARIZONA



ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

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Introduction and Acknowledgements

Introduction

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

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

Lead and Participating Agencies

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

Acknowledgements

Data collected in preparing the AI relied in part on input from the public, including information gathered from three public engagement focus group sessions, key person interviews, and data provided by City Departments. We also acknowledge the participation of the City and County government officials, real estate and banking industries, non-profit, social services, business, home builders, apartment owners and managers, Tempe Community Council and the general public.

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Executive Summary

Introduction

In 1995 the U.S. Department of Housing and Urban Development (HUD) announced that entitlement communities - communities receiving direct federal funding from Community Development Block Grant, HOME Investment Partnership and Emergency Solutions Grant programs – must conduct a study of existing barriers to housing choice. This required study is referred to as the "Analysis of Impediments" (AI) and is part of entitlement communities' consolidated planning process. In 2014 HUD published draft regulations of the "Assessment of Fair Housing" (AFH) with proposed changes to the 1995 AI requirements. These new regulations are expected to be finalized in 2015.

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

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

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

The City of Tempe's commitment to furthering fair housing and affordable housing through planning and entitlement program design and implementation is noteworthy. A major impediment is that the limited amount of entitlement funding received makes it difficult for the City to have measurable impact on removing or lessening the impact of some fair housing impediments. City and other non-federal entitlement resources and private sector support will be necessary in order to address many of the impediments. Despite limited funds, the City's efforts will continue to improve and maintain stability, and strengthen its older and lower income areas. The impediments identified in Section Six can be directly linked to and supported by data and analysis from the previous sections.

Evaluating fair housing is a complex process involving diverse and wide-ranging considerations. The role of economics, housing markets, and personal choice are important to consider when examining fair housing. Any disproportionate impacts on persons of a particular race, ethnicity, or members of the protected classes under federal fair housing law have been comparatively analyzed to determine to what extent those disparities are limiting fair housing choice. Tempe has relatively few impediments to fair housing. However, some issues and impediments were identified.

The analysis of fair housing choice in the City of Tempe has resulted in the identification of impediments, identified through a study methodology that included community engagement and focus group sessions, the construction of a demographic analysis resulting in a community profile, fair housing index, and analysis of the Home Mortgage Disclosure Act (HMDA) data for the City of Tempe and Maricopa County; and a fair housing law and public policy analysis including a court litigation, legislation, regulatory, fair housing complaint and entitlement grant program review. The following narrative provides a summary of those sections.

Community Profiles

Demographics - The demographic analysis of Tempe concentrates on the magnitude and composition of the population and changes that occurred based on U.S. Census data between 2000 and 2010 and the American Community Survey (ACS) five year average for 2009 - 2012. Please note that the maps present data by census tract with an overlay of county and city boundaries.

Race/Ethnicity - According to the 2010 Census, the population of Maricopa County was 3,817,117, a small portion of which resided in Tempe (161,719). The County's population increased by 744,968 or 24.2 percent between 2000 and 2010. The population of Tempe increased by 2.0 percent during the same period. In Maricopa County, the largest racial group was White, with about 73 percent of the population. In Tempe, the White population was about 86 percent of the total, with Hispanics making up the majority of the remainder at 13.8 percent. In the County, Hispanics were 10.7 percent of the total. African-Americans represented 0.9 percent of the population in Tempe and 1.2 percent of Maricopa County. It should be noted that the Census Bureau does not recognize Hispanic as a race, but rather as an ethnicity. This may account for the high increase of 107.4 percent in the "Other" category between 2000 and 2010. It is a common misidentification for ethnic Hispanics to choose the 'other' category on the Census for race rather than White or African-American.

Households - In many communities including Tempe, households face discrimination based on their familial status as reflected in the fair housing cases filed on that basis under the Federal Fair Housing Act in Tempe between 2009 and 2014. Among those complaints were complaints based on discrimination against female-headed households and female-headed households with children. Higher percentages of female-headed households with children under the age of 18, sometimes correlates to increased complaints of reported rental property owners' refusing to rent to tenants with children. The percentage of female-headed households with children was disproportionately higher among African-

Americans and Hispanics between 2008 and 2012. The percentage of female-headed households among White households in Tempe was 11.0 percent, compared to 24.7 percent in African-American households, and 20.0 percent in Hispanic households. Only 11.5 percent of African-American households were husband/wife family households, compared to 31.7 percent of White households and 28.5 percent of Hispanic households.

Non-family households, defined by HUD as a single occupant household or non-related individuals living together as indicated in the census data, among Whites made up 51.6 percent of all White households in Tempe. Non-family households among African-Americans accounted for 59.5 percent of all African-American households. Non-family households among Hispanics accounted for 38.9 percent of all Hispanic households. Most of the non-family households were householder living alone.

Occupation - Employment opportunities in the city and skill levels of employees in the workforce make a significant impact on housing affordability and the location choice of residents. An examination of occupation data indicates there have been some small shifts in the distribution of occupations between 2000 and 2012. Manufacturing occupations saw a reduction of 3.7 percentage points, falling to 7.7 percent of the workforce. The largest occupation was Education, Healthcare, and Social Assistance with over 19 percent of the workforce. Small increases were seen in Arts and Entertainment, Recreation, and Accommodations and Food Services, a 2.9 percentage point increase, and Professional, Scientific, and Management, Administrative, and Waste management Services, a 0.5 percentage point increase.

Largest Employers - According to the major employer data as published on the City's Economic Development website, the largest employers in Tempe include Arizona State University with 11,185 employees, Maricopa Community Colleges with 4,611 workers, and utility provider SRP with 4,374 workers. Safeway had

3,996 employees. Wells Fargo had 3,576 employees and Freescale Semiconductor had 3,000 workers. Honeywell also had 3,000 workers. The Kyrene School District had 2,401 workers and Chase Manhattan Corporation had 2,377 employees.

Unemployment - The data presented in Table 1.7, of the Community Profile, provide a portrait of the distribution of the unemployed. Unemployment was moderate to high, with rates ranging from 9.0 percent for Whites, 9.9 percent for Hispanics, to 18.3 percent for African-Americans. According to the US Department of Labor's Bureau of Labor Statistics, the unemployment rate for the Tempe was 4.5 percent in April 2014. By comparison, the US unemployment rate was 6.3 in April 2014 and 6.9 percent for the State of Arizona. The American Community Survey data for the 2008 – 2012 period as reported for Tempe showed an unemployment rate of 9.3 for the US and 9.8 percent for Arizona.

Household Income - The census data provides the distribution of income across income classes for Whites, African-American, and Hispanics. Overall, the income distribution data show some disparity in Tempe's income distribution across these populations. The modal income classes, the income classes with the highest number of households, for Whites was the \$100,000 or more category with 19.9 percent of Whites earning in this income range. In comparison, 12.8 percent of Hispanic households and 6.5 of African-American households had incomes in this range. The modal or most frequently reported income class for African-Americans and Hispanics was the \$35,000 to \$49,999 income range with 19.4 percent of Hispanic households and 20.5 percent of African-American households. Thirty percent of Hispanic households earned less than \$25,000 per year, compared to 24.5 percent of White households and 41.7 percent of African-American households.

According to the 2008 - 2012 American Community Survey estimates, 5-year average, the median household income for White households was \$50,501,

\$32,778 for African-American households, and \$39,347 for Hispanic households, compared to \$47,882 for the overall city.

Poverty - The poverty data reported in Table 1.5 of the Community Profile reveals that poverty is disproportionately impacting the Hispanic and African-American communities in the city, as well. The incidence of poverty among Hispanics in Tempe was 30.3 percent of their total population between 2008 and 2012, and poverty among African-Americans was reported to be 29.6 percent. Among White persons, the data reported 20.3 percent lived in poverty. Concentrations are found in northeast Tempe, where rates range from 34 to 59 percent by census tract.

Educational Attainment – The analysis of education attainment shows the percentage of the population age 25 or older with less than a high school degree in Tempe; the percentage of the total population without a high school degree; and the percentage by race and ethnicity. The data show a total percentage of the population over 25 years without a high school degree at 9.3 percent. When looking at the distribution by race/ethnicity, the data show a Hispanic rate of 34 percent. The White population had 8.7 percent with less than a high school degree. For African-Americans, the rate was 7.6 percent.

Public Transportation and Mobility – Public transportation is provided by Valley Metro. According to the Valley Metro website, the Valley Metro board adopted the name Valley Metro in 1993 as the identity for the regional transit system in the Phoenix metropolitan area. Under the Valley Metro brand, local governments joined to fund the Valley-wide transit system that the public sees on the streets today. Valley Metro Board member agencies include Avondale, Buckeye, Chandler, El Mirage, Gilbert, Glendale, Goodyear, Maricopa County, Mesa, Peoria, Phoenix, Scottsdale, Surprise, Tempe, Tolleson, and Wickenburg.

The Valley Metro Rail in 2002 became Valley Metro Rail Inc., a nonprofit, public corporation formed and charged with the design, construction and operation of

the region's 57-mile high-capacity transit system. Valley Metro Rail Board member cities include Phoenix, Tempe, Mesa, Glendale and Chandler. This Board establishes overall policies and provides general oversight of the agency and its responsibilities.

Valley Metro services:

- Local, LINK, Express and RAPID commuter bus service
- Light rail Neighborhood circulators
- Rural route
- Dial-a-Ride
- Vanpool service
- Online carpool and vanpool matching system
- Assistance to local businesses to help them meet the Maricopa County trip reduction goals through alternative modes of transportation (bus, light rail, carpool, vanpool, bike, telework, etc.)

Housing - According to the 2010 Census, the total number of housing units in the City of Tempe was 73,462 with 7,462 or 10.2 percent those units reported vacant. By comparison, there were 67,068 housing units in the City of Tempe in 2000. This represents a 9.5 percent increase in the number of housing units between 2000 and 2010. In 2010, 40.0 percent of all units were owner-occupied and 49.8 percent were renter-occupied. The median housing value in the city was \$213,700 and the median contract rent was \$808 between 2008 and 2012. According to the ACS 5 Year Average of Tenure, by Race as shown in Table 1.11, approximately 50 percent of White households were living in owner-occupied housing for the period of 2008 – 2012, compared to 17.6 percent of African-American households and 36.5 percent of Hispanic households. This means that the percentage of African-American and Hispanic owner households were well below the city average of 45.6 percent.

Fair Housing Law, Municipal Policies and Complaint Analysis - The City of Tempe has not enacted substantially equivalent fair housing law to that of the Federal Fair Housing Act and does not provide local enforcement. The City of Tempe Human Services Department is responsible for conducting public education, training and outreach of fair housing rights and remedies in Tempe.

The HUD FHEO Regional Office in San Francisco, California is responsible for investigations of fair housing complaints reported directly to their office. Tempe, Arizona is part of the HUD Region IX that includes Arizona, California, Nevada, and Hawaii. Fair housing complaint information was received from the U.S. Department of Housing and Urban Development and provides a breakdown of complaints filed for Tempe from August 1, 2009 through September 30, 2014. The complaints filed with HUD are received from the Fair Housing and Equal Opportunity (FHEO) regional office in San Francisco, California. Twenty three complaints were filed according to one or more of seven bases, including; National Origin, Color, Religion, Familial Status, Handicap, Sex, and Race.

The FY 2014 - 2015 Annual Action Plan submitted to HUD indicated that the City of Tempe anticipated receiving approximately \$1,380,837 in CDBG and \$340,023 in HOME Entitlement Funding for the Program Year and with anticipated program income of \$25,000, and \$79,693 in HOME Match, will operate a total budget of \$1,825,553 for the program year. The City also anticipated receiving \$8,556,662 in Section 8 Housing Choice Voucher funding for the program year.

\$ 1,380,837 Community Development Block Grant (CDBG)

\$ 340,023 Home Investment Partnership Grant (HOME)

\$ 79,693 Home Investment Partnership Grant Match

\$ 25,000 Program Income

\$ 1,825,553 Total Entitlement Funding

\$ 8,556,682 Section 8 Voucher Program

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

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

Focus Groups and Community Engagement - Three Fair Housing Focus Group sessions were held on August 19th, 2014 at the Tempe Public Library, 3500 South Rural Road, Tempe, Arizona. Supplemental interviews were conducted with and information and input received from various City Departments and Divisions, Tempe Community Council, Chamber of Commerce and Board of Realtors representatives, Continuum of Care organization, community, professional and industry representatives to obtain information from those unable to attend the focus group sessions. Participants in the focus groups sessions and supplemental interviews included Tempe city staff and other government representatives; administrators from local colleges, universities, and school districts; non-profit organizations, home builders, housing and social service agencies representatives; real estate and financial industry representatives; and the general public and other community representatives. Section Three of this report details the input received during the community participation process.

Home Mortgage Disclosure Act Analysis (HMDA) - In Tempe, the least success in borrowing was found in the refinance loan sector, given the number of applications submitted, and the highest success was found in home purchase loan sector, particularly in government – backed loans. Home purchase loans were the most frequent loan type, edging out refinance loans. Overall, the origination rates among Whites were higher than minorities in home purchase, home Improvement and refinance loans in the City. Though, Hispanics and African-Americans accounted for the second and third highest number of

applications after Whites, respectively, the percentage of loan originations for both were significantly lower compared to their percentage in population in the City. Applicants' poor credit history or higher debt-to-income ratios accounted for the highest percentage of loan denials among all races and ethnicities. The Section Four, HMDA Analysis, is based on a review of Federal Financial Institutions Examination Council (FFIEC) data for home mortgage activity from the federal agencies that regulate the home mortgage industry. The data contain variables that facilitate analysis of mortgage lending activity, such as race, income, census tract, loan type, and loan purpose.

Section Five of the report, the **Fair Housing Index**, highlights geographic areas indicating a concentration of attributes prevalent in fair housing issues. As indicated on Maps 5.1 and 5.2 of the Fair Housing Index, the majority of the census tracts designated as having a High Risk of fair housing related problems are concentrated in Maricopa County to the west of Tempe, with a single tract in Tempe falling into the High Risk category. The largest portion of tracts within Tempe are categorized as low risk, with the rest showing very low risk.

Areas of Concentrated Poverty and Racial / Ethnic Concentration and Segregation (RCAP/ECAP) - The U. S. Department of HUD has defined "Areas of Poverty, Racial and Ethnic Concentration and Segregation (RCAP/ECAP) – as census tracts comprised of 50% or greater minority population and 3 times or more the poverty level of the MSA and generally lacking the basic amenities and failing to provide a quality of life expected and desired for any. The goal of de-concentration would be to achieve minority concentrations and poverty level less than defined above and to transform these areas of concentration into "Opportunity Areas". Opportunity Areas – areas offering access to quality goods and services, exemplary schools, health care, range of housing, transportation to employment and service centers, adequate public infrastructure, utilities, and recreation. There were no census tracts identified within the City of Tempe that are comprised of 50 percent or greater minority population and 40 percent and greater poverty rate.

Impediments to Fair Housing Choice

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

The Analysis of Impediments identified impediments related to **real estate market conditions as impediments**: a lack of affordability and insufficient Income; **public policy related impediments**: a lack of public awareness of fair housing rights; **banking, finance, insurance and other Industry related impediments**: large numbers of foreclosures in the real estate market; predatory lending; **socio-economic impediments**: poverty and low-income; and **neighborhood conditions related impediments**: Limited resources to assist lower income, elderly and indigent homeowners maintain their homes; concentrated poverty /lower income, and ethnic and racial segregation; and poor housing conditions and a lack of stability in neighborhoods.

Remedial Activities Designed To Address Impediments - The major focus of the recommended remedial actions is centered on creating partnerships, identifying new federal, state, city and private resources and leveraging entitlement funds needed to enhance the jurisdiction's ability to increase its supply of affordable housing and better meet the needs of low-income and moderate-income households. The details of the identified impediments and remedial actions are presented in Section Six of the report.

Section 1: Community Profile

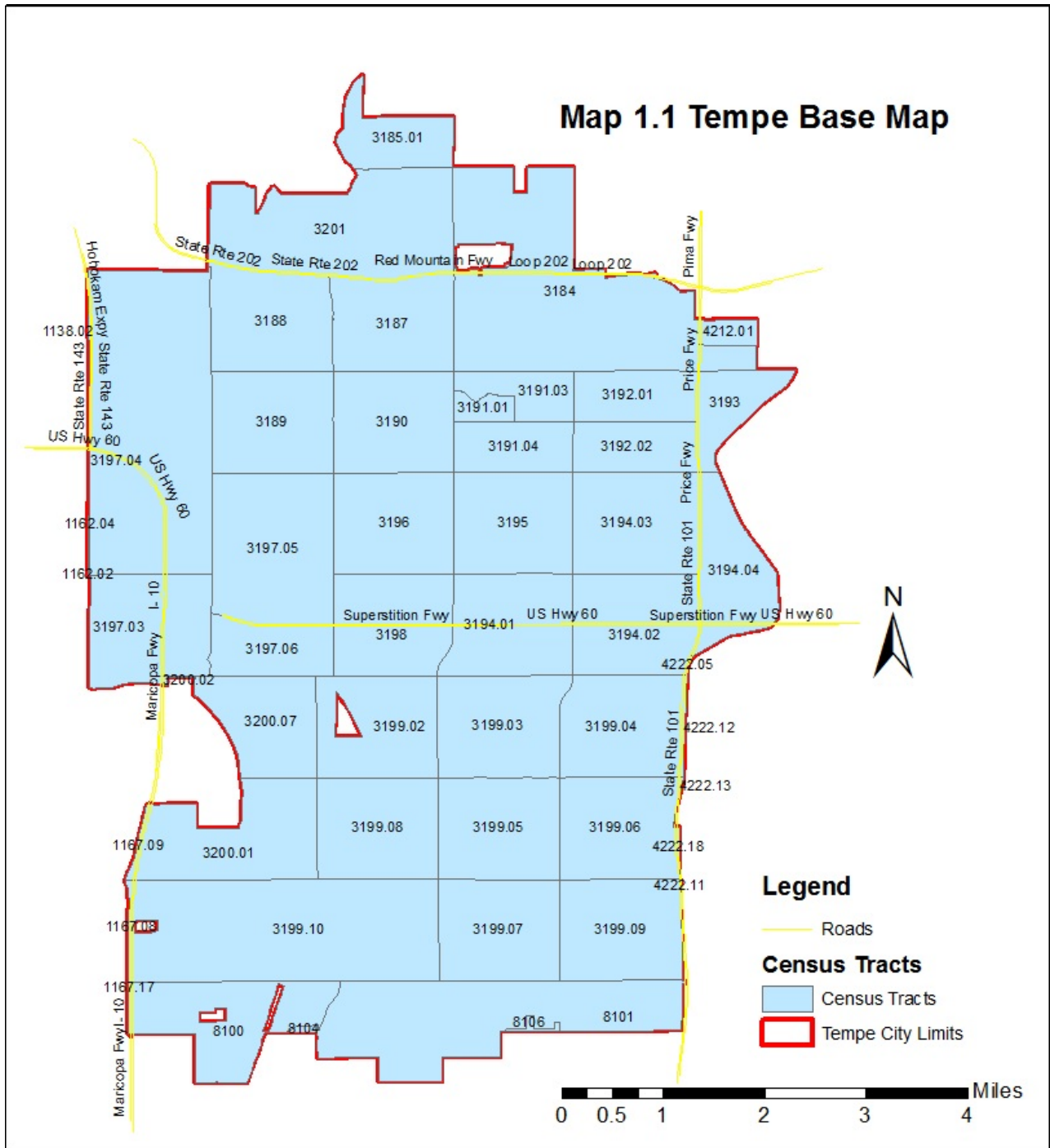
Introduction

The Community Profile is a review of demographic, income, employment, and housing data of Tempe. The data were gathered from 2008-2012 American Community Survey (ACS) 5-Year estimates; 1990, 2000, and 2010 U.S. Census; and other sources. The following sections provide an analysis of the current status of Tempe:

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

Detailed analyses will concentrate on three racial/ethnic groups in Tempe: White, Hispanic, and African-American. All other groups are smaller in number and percentage, with the exception of Asian with just a slight edge on African-American, and, therefore, the results of their analysis will not be presented in detail. African-Americans are not the third largest sub-population, however they are the fastest growing over the past 10 years and are the racial group which, historically, witnesses the most discrimination. The analysis is supported with tables and maps provided for reference. While most of the data presented in the tables and maps are directly referenced in the text, there may be some cases where additional information was included for the reader's benefit, though not specifically noted in the text.

Map 1.1 Tempe Base Map



1.1. Demographics

The demographic analysis of the Tempe area concentrates on the magnitude and composition of the population and changes that occurred between 2000 and 2010. Please note that the attached maps present data by census tract with an overlay of the city limits for Tempe. For reference, Map 1.1, on the previous page, provides a visual representation of Tempe for comparison with thematic maps below.

Race/Ethnicity

According to the 2010 Census, the population of Maricopa County was 3,817,117, a small portion of which resided in Tempe (161,719). Table 1.1, on page 4, shows that the County's population increased by 744,968 or 24.2 percent between 2000 and 2010. The population of Tempe increased by 2.0 percent during the same period.

The population of Tempe increased by 2.0 percent between 2000 and 2010.

In Maricopa County, the largest racial group was White, with about 73 percent of the population. In Tempe, the White population was about 86 percent of the total, with Hispanics making up the majority of the remainder at 13.8 percent. In the County, Hispanics were 10.7 percent of the total. African-Americans represented 0.9 percent of the population in Tempe and 1.2 percent of Maricopa County. The Census Bureau does not recognize Hispanic as a race, but rather as an ethnicity.

The White population was about 73 percent of the total population in Maricopa County and 86 percent in Tempe in 2010. Almost 20 percent of the population of Tempe identified as Hispanic.

The White population decreased by 4.5 percent in Tempe between 2000 and 2010, while the Hispanic population increased by 19.7 percent. The African-American population grew by 64.6 percent. There was a 23.5 percent increase in the Asian and Pacific Islander population between 2000 and 2010, accounting for 6.1 percent of the total population of the city in 2010.

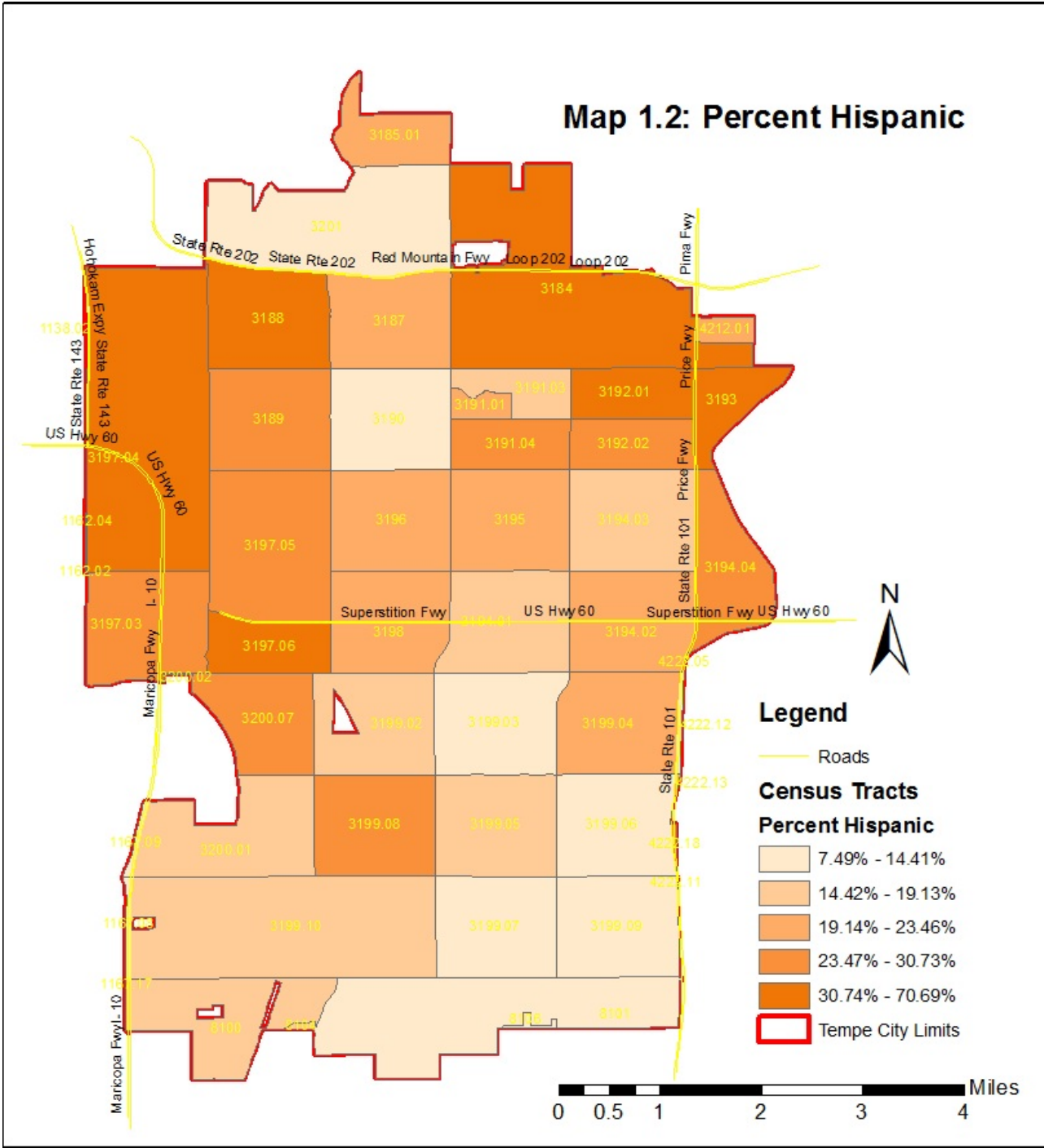
Maps 1.2 and 1.3, starting on page 5, indicate spatial concentrations of the Hispanic and African-American populations within Tempe.

Table 1.1
Total population by race and ethnicity for Maricopa County and Tempe, 2000 and 2010

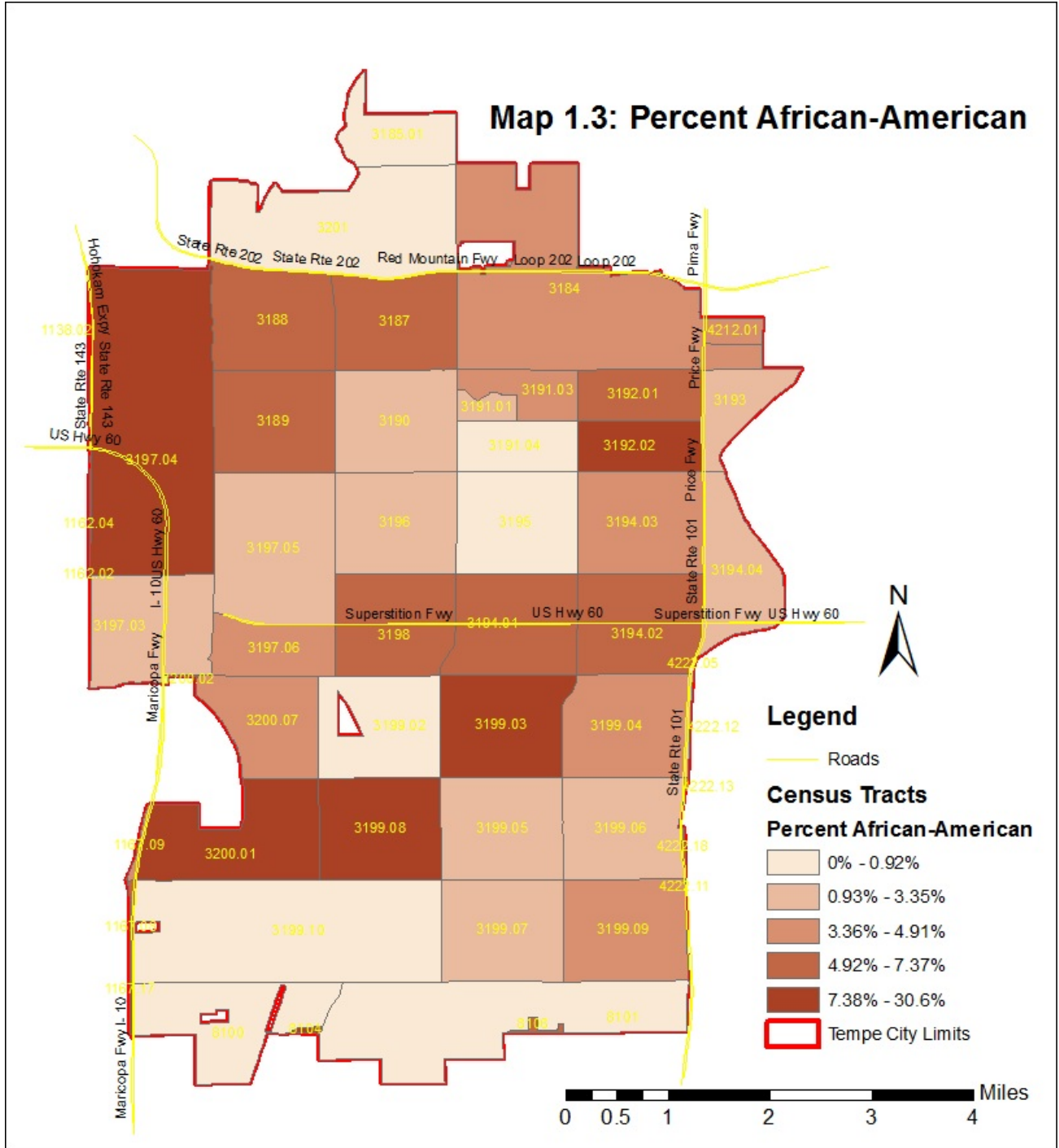
Race	2000		2010		% Change 2000-2010
	#	%	#	%	
Maricopa County					
White	2,376,359	77.4%	2,786,781	73.0%	17.3%
African-American	114,551	3.7%	190,519	5.0%	66.3%
American Indian and Eskimo	56,706	1.8%	78,329	2.1%	38.1%
Asian and Pacific Islander	70,851	2.3%	140,015	3.7%	97.6%
Other Race	364,213	11.9%	489,705	12.8%	34.5%
Two or More Races	89,469	2.9%	131,768	3.5%	47.3%
Total	3,072,149	100.0%	3,817,117	100.0%	24.2%
Hispanic (ethnicity)	763,341	24.8%	1,128,741	29.6%	47.9%
Tempe					
White	122,952	77.5%	117,457	72.6%	-4.5%
African-American	5,801	3.7%	9,551	5.9%	64.6%
American Indian and Eskimo	3,186	2.0%	4,671	2.9%	46.6%
Asian and Pacific Islander	7,986	5.0%	9,862	6.1%	23.5%
Other Race	13,464	8.5%	13,793	8.5%	2.4%
Two or More Races	5,236	3.3%	6,385	3.9%	21.9%
Total	158,625	100.0%	161,719	100.0%	2.0%
Hispanic (ethnicity)	28,473	17.9%	34,092	21.1%	19.7%

Source: 2000 and 2010 US Census

Map 1.2: Percent Hispanic



Map 1.3: Percent African-American



Household Structure

In many communities, female-headed households and female-headed households with children face a higher rate of housing discrimination than other

Almost 25 of all African-American households in Tempe were female-headed households, compared to 11 percent of White households.

households. Higher percentages of female-headed households with children under the age of 18, sometimes correlates to increased complaints of reported rental property owners' refusing to rent to tenants with children. This factor is evidenced when comparing this demographic factor to fair housing complaint data. As shown in Table 1.2, on the following page, the percentage of female-headed households among White households in Tempe was 11.0 percent, compared to 24.7 percent in African-American households, and 20.0 percent in Hispanic households. Only 11.5 percent of African-American households were husband/wife family households, compared to 31.7 percent of White households and 28.5 percent of Hispanic households.

Non-family households, defined by HUD as a single occupant household or non-related individuals living together as indicated in the census data, among Whites made up 51.6 percent of all White households in Tempe. Non-family households among African-Americans accounted for 59.5 percent of all African-American households. Non-family households among Hispanics accounted for 38.9 percent of all Hispanic households. Most of the non-family households were householder living alone.

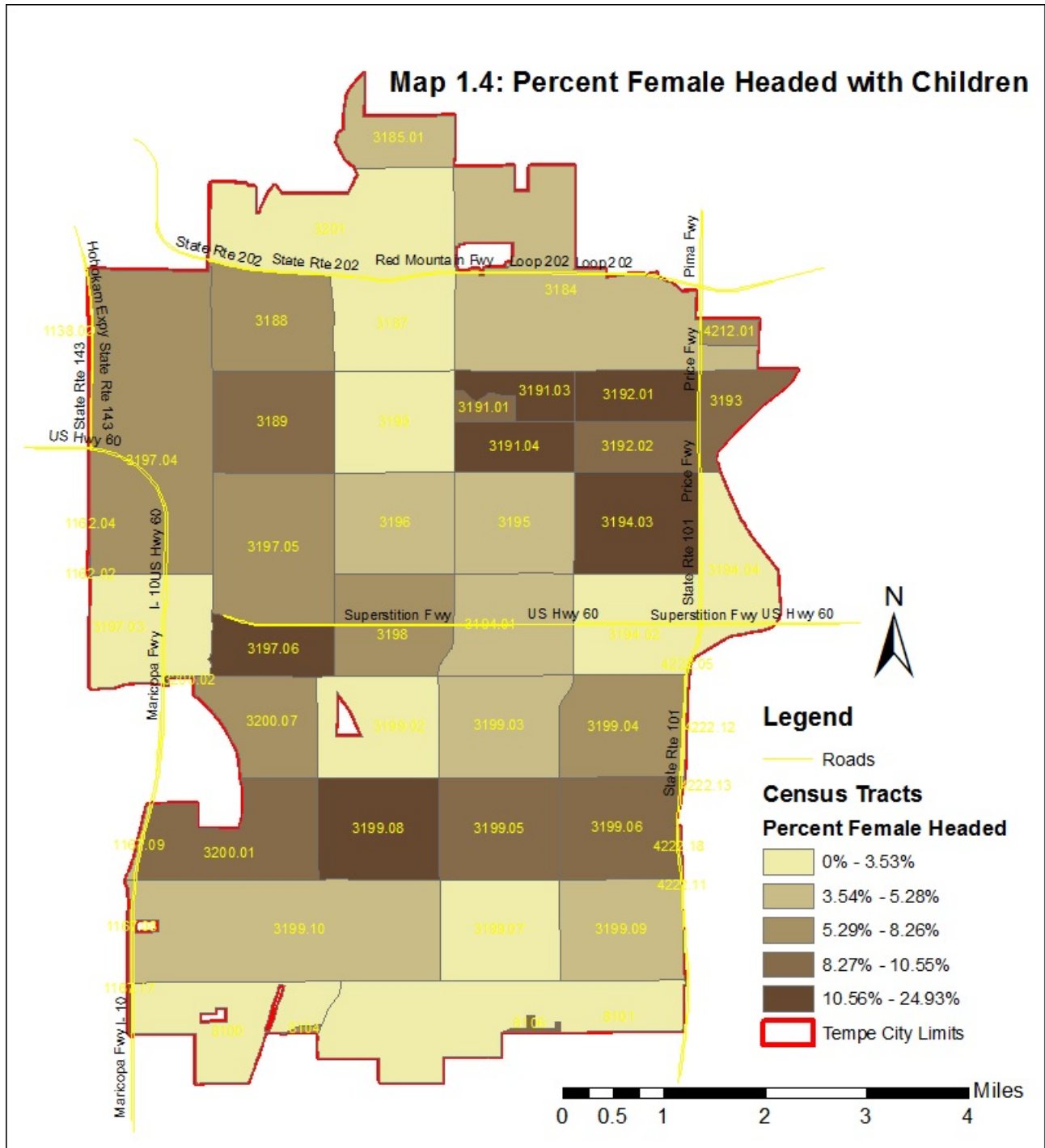
The spatial distribution of female-headed households with children is shown in Map 1.4 on page 9.

Table 1.2
Household structure by race for Tempe, 2008 – 2012

Household Type	White		African-American		Hispanic	
	# of Households	% of Households	# of Households	% of Households	# of Households	% of Households
Family Households	25,141	48.3%	1,340	40.5%	6,519	61.1%
Husband-wife family	16,499	31.7%	379	11.5%	3,043	28.5%
Other family:	8,672	16.7%	961	29.0%	3,476	32.6%
Male householder, no wife present	2,960	5.7%	145	4.4%	1,336	12.5%
Female householder, no husband present	5,712	11.0%	816	24.7%	2,140	20.0%
Non-family households:	26,855	51.6%	1,970	59.5%	4,158	38.9%
Householder living alone	17,508	33.7%	1,516	45.8%	2,695	25.2%
Householder not living alone	9,347	18.0%	454	13.7%	1,463	13.7%
Total Households	52,026	100.0%	3,310	100.0%	10,677	100.0%

Source: 2008 - 2012 American Community Survey

Map 1.4: Percent Female Headed with Children



1.2. Income

Low-income households tend to be housed in less desirable housing stock and in less desirable areas in the city. Income limitations often prevent those households from moving to areas where local amenities raise the value of the housing. Income plays a very important part in securing and maintaining housing.

Household Income

The data in Table 1.4 and Chart 1.1 on page 17 show the distribution of income across income classes among Whites, Hispanics, and African-American. Overall, the income distribution data show some disparity in Tempe's income distribution across these populations.

Chart 1.1 shows that the modal income classes (the income classes with the highest number of households) for Whites was the \$100,000 or more category with 19.9 percent earning in this income range. In comparison, 12.8 percent of Hispanic households and 6.5 of African-American households had incomes in this range. The most frequently reported income class for African-Americans and Hispanics was the \$35,000 to \$49,999 income range with 19.4 percent of Hispanic households and 20.5 percent of African-American households. Thirty percent of Hispanic households earned less than \$25,000 per year, compared to 24.5 percent of White households and 41.7 percent of African-American households.

While the modal income category for African-American households was the \$35,000 to \$49,999 range (20.5%), over 41 percent earned less than \$25,000 in 2012 (5-year average) .

Table 1.3

Median Income for Tempe, 2008-2012

	Median Household Income
Tempe	\$47,882

Source: 2008-2012 American Community Survey

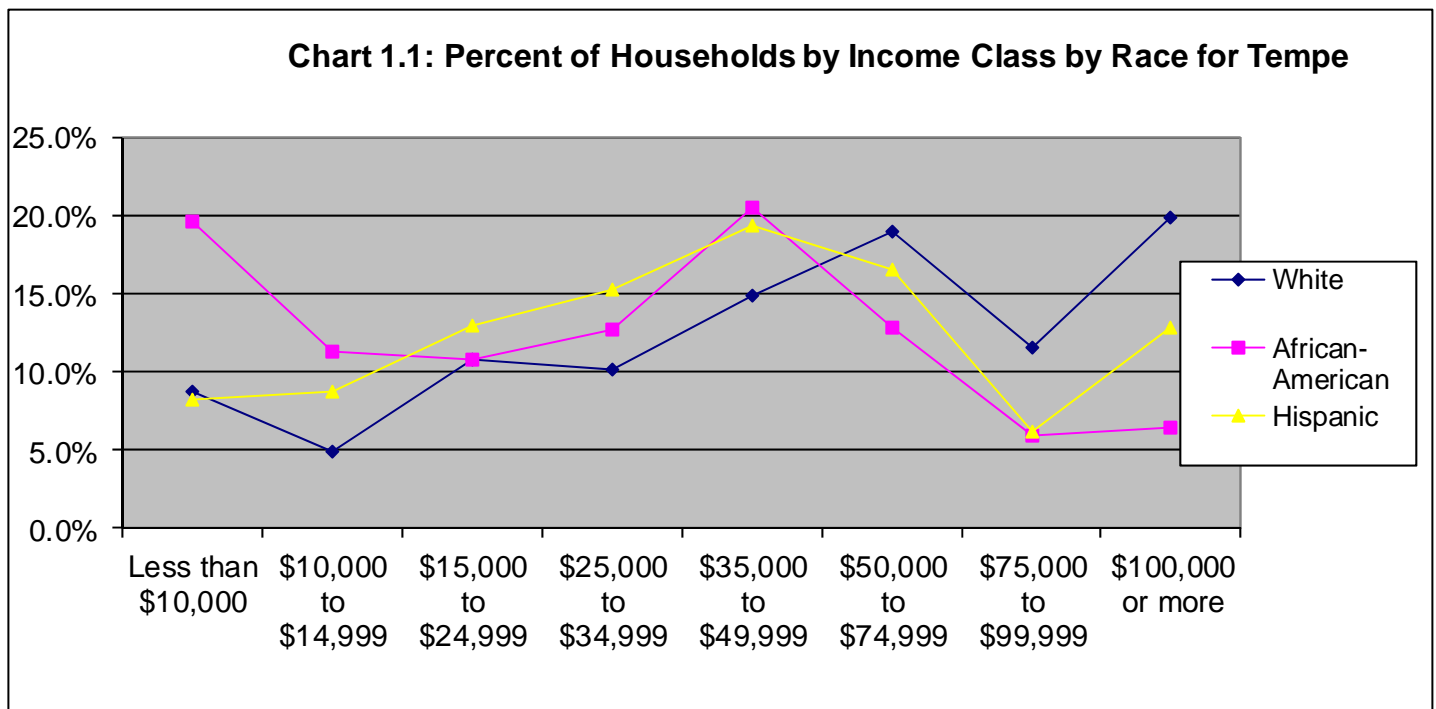
According to the 2008-2012 American Community Survey (ACS) estimates (5-year average), the median household income for White households was \$50,501, \$32,778 for African-American households, and \$39,347 for Hispanic households, compared to \$47,882 for the overall city. Map 1.5, on page 12, shows the 5-year average median household income by census tract for Tempe between 2008 and 2012.

Table 1.4
Households by race by income for Tempe, 2008-2012

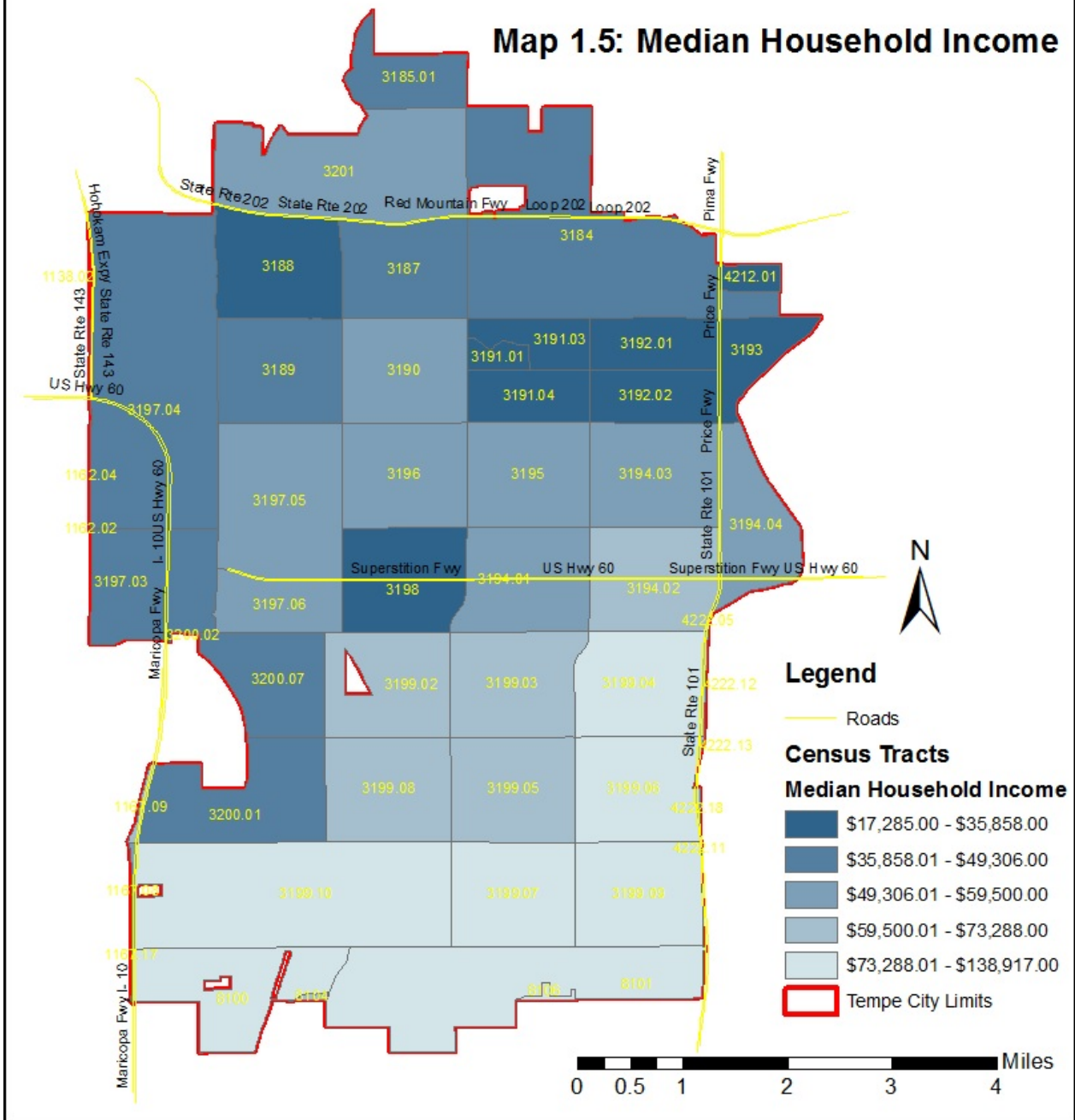
Income Class	White		African-American		Hispanic	
	# of Households	% of Households	# of Households	% of Households	# of Households	% of Households
Less than \$10,000	4,557	8.8%	649	19.6%	878	8.2%
\$10,000 to \$14,999	2,547	4.9%	374	11.3%	937	8.8%
\$15,000 to \$24,999	5,640	10.8%	357	10.8%	1,384	13.0%
\$25,000 to \$34,999	5,320	10.2%	419	12.7%	1,622	15.2%
\$35,000 to \$49,999	7,737	14.9%	677	20.5%	2,067	19.4%
\$50,000 to \$74,999	9,887	19.0%	425	12.8%	1,768	16.6%
\$75,000 to \$99,999	5,978	11.5%	195	5.9%	654	6.1%
\$100,000 or more	10,360	19.9%	214	6.5%	1,367	12.8%
Total	52,026	100.0%	3,310	100.0%	10,677	100.0%
Median Household Income	\$50,501		\$32,778		\$39,347	

Source: Five-Year Estimates, 2008-2012 American Community Survey

Chart 1.1
Households by race by income for Tempe, 2008-2012



Map 1.5: Median Household Income



Poverty

The poverty data reported in Table 1.5 reveals that poverty is disproportionately impacting the Hispanic and African-American communities in the city. The incidence of poverty among Hispanics in Tempe was 30.3 percent of their total population between 2008 and 2012, and poverty among African-Americans was reported to be 29.6 percent. Among White persons, the data reported 20.3 percent lived in poverty.

The incidence of poverty among Hispanics was 30.3 percent in Tempe, compared to 20.3 percent for Whites and 29.6 percent for African-Americans.

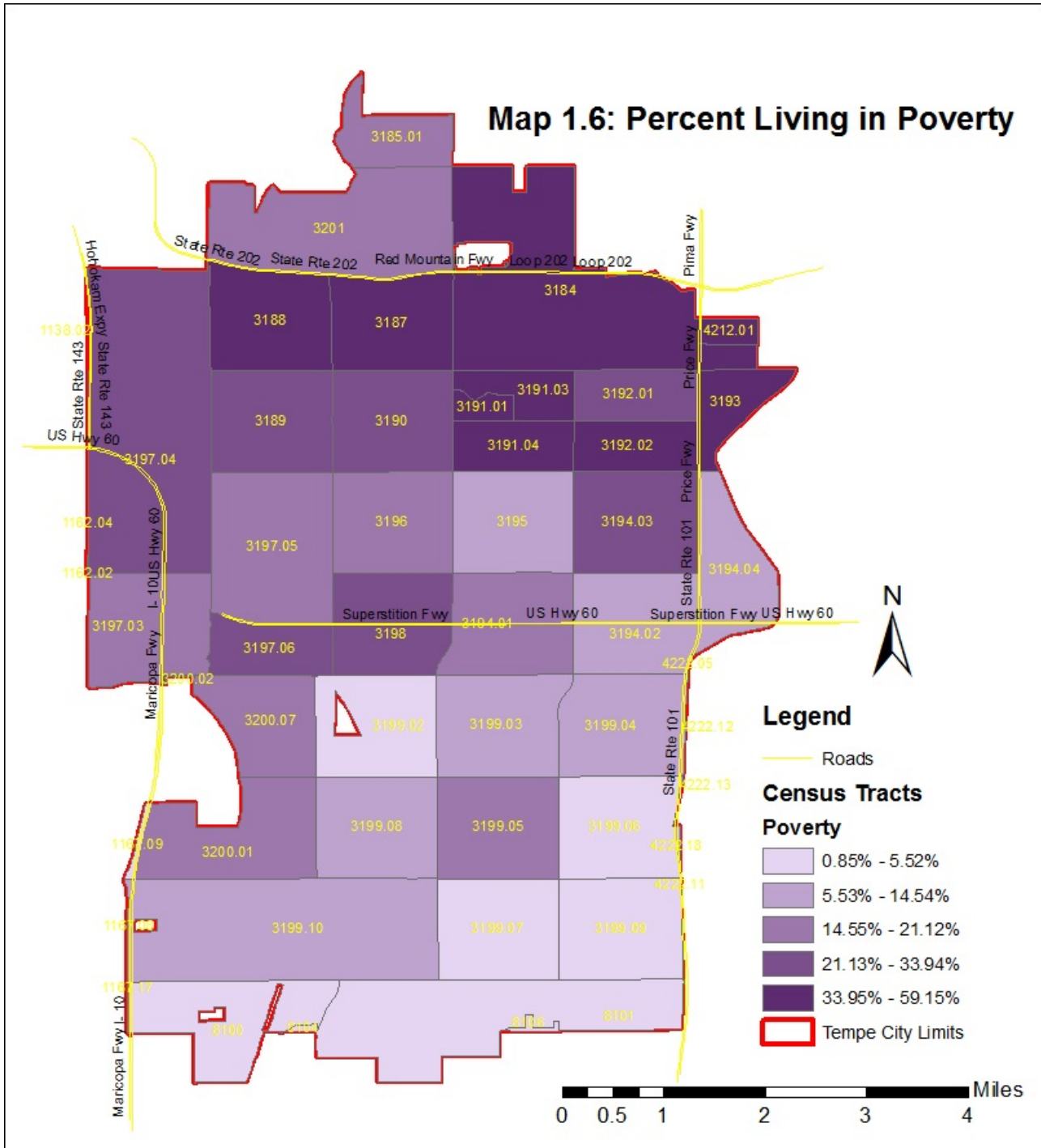
Poverty rates in Tempe are shown on page 14 in Map 1.6. Concentrations are found in northeast Tempe, where rates range from 34 to 59 percent by census tract.

Table 1.5
Poverty Status by race for Tempe, 2008-2012

Age Group	White		African-American		Hispanic	
	Number in Poverty	% in Poverty	Number in Poverty	% in Poverty	Number in Poverty	% in Poverty
Under 5 Years	1,954	32.5%	181	36.1%	1,517	47.2%
5 Years	530	45.5%	0	0.0%	458	61.3%
6 to 11 Years	1,113	20.5%	103	19.1%	1,047	33.3%
12 to 17 Years	1,518	22.2%	209	36.9%	1,114	35.2%
18 to 64 Years	18,667	20.9%	1,544	29.8%	6,060	26.8%
65 to 74 Years	278	4.0%	57	25.0%	164	16.5%
75 Years and Over	345	7.2%	29	22.5%	38	8.7%
Total	24,405	20.3%	2123	29.6%	10,398	30.3%

Source: Five-Year Estimates, 2008 -2012 American Community Survey

Map 1.6: Percent Living in Poverty



1.3. Employment

Occupation

Employment opportunities in the area and educational levels of the employees make a significant impact on housing affordability and the location choice of residents. Table 1.6, below, provides a look at occupation data, which indicate that there have been some small shifts in the distribution of occupations between 2000 and 2012. Manufacturing occupations saw a reduction of 3.7 percentage points, falling to 7.7 percent of the workforce. The largest occupation was Education, etc. with over 19 percent of the workforce.

Small increases were seen in Arts and Entertainment, etc. (2.9 percentage point increase) and Professional, etc. (0.5 percentage point increase).

Manufacturing occupations fell by 3.7 percentage points, while Educational Services, etc. occupations grew by 4 percentage points.

Table 1.6
Occupation of employed persons for Tempe, 2000 and 2008-2012 (5-Year Average)

Industry	2000	2008-2012 Average	Percentage Point Change
Agriculture, forestry, fishing and hunting, and mining	0.1%	0.3%	0.2%
Construction	5.2%	5.2%	0.0%
Manufacturing	11.4%	7.7%	-3.7%
Wholesale trade	3.7%	2.4%	-1.3%
Retail trade	11.1%	11.6%	0.5%
Transportation and warehousing, and utilities	5.1%	4.3%	-0.8%
Information	3.6%	2.5%	-1.1%
Finance and insurance, and real estate and rental and leasing	8.8%	7.8%	-1.0%
Professional, scientific, and management, and administrative and waste management services	12.6%	13.1%	0.5%
Educational services, and health care and social assistance	19.4%	23.4%	4.0%
Arts, entertainment, and recreation, and accommodation and food services	11.8%	14.7%	2.9%
Other services, except public administration	3.6%	4.2%	0.6%
Public administration	3.7%	3.1%	-0.6%

Source: 2000 US Census and Five-Year Estimates, 2008-2012 American Community Survey

Unemployment

The data presented in Table 1.7, below, provide a portrait of the distribution of the unemployed. Looking at the table,

The unemployment rate in Tempe as of April 2014 was 4.5 percent.

unemployment looks moderate to high, with rates ranging from 9 percent for Whites to 18.3 percent for African-Americans. According to the US Department of Labor's Bureau of Labor Statistics, the unemployment rate for the Tempe was 4.5 percent in April 2014. By comparison, the US unemployment rate was 6.3 in April 2014 and 6.9 percent for the State of Arizona. The American Community Survey data for the 2008 – 2012 period as reported for Tempe in the table, showed an unemployment rate of 9.3 for the US and 9.8 percent for Arizona. Map 1.7, on page 18, shows the distribution of unemployed in Tempe.

Table 1.7
Employment Status by race for Tempe, 2008-2012

Employment Status	White		African-American		Hispanic		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
In Labor Force:	77,712	70.8%	4,175	69.1%	19,000	71.7%	97,661	70.2%
In Armed Forces	54	0.1%	0	0.0%	10	0.1%	54	0.1%
Civilian:	77,658	99.9%	4,175	100.0%	18,990	99.9%	97,607	99.9%
Employed	70,671	90.9%	3,413	81.7%	17,117	90.1%	88,103	90.2%
Unemployed	6,987	9.0%	762	18.3%	1,873	9.9%	9,504	9.7%
Not in Labor Force	32,054	29.2%	1,866	30.9%	7,499	28.3%	41,554	29.8%
Total	109,766	100.0%	6,041	100.0%	26,499	100.0%	139,215	100.0%

Source: Five-Year Estimates, 2008-2012 American Community Survey

Educational Attainment

Looking at education, Table 1.8 on page 17 shows the percentage of the population aged 25 or older with less than a high school

Thirty-four percent of Hispanics over the age of 25 had less than a high school degree.

degree in Tempe. The second column shows the percentage of the total population without a high school degree and the remaining three columns show the percentage by race. The data show a total percentage of the population over 25 years without a high school degree at 9.3 percent. When looking at the distribution by race/ethnicity,

the data show a Hispanic rate of 34 percent. The White population had 8.7 percent with less than a high school degree. For African-Americans, the rate was 7.6 percent.

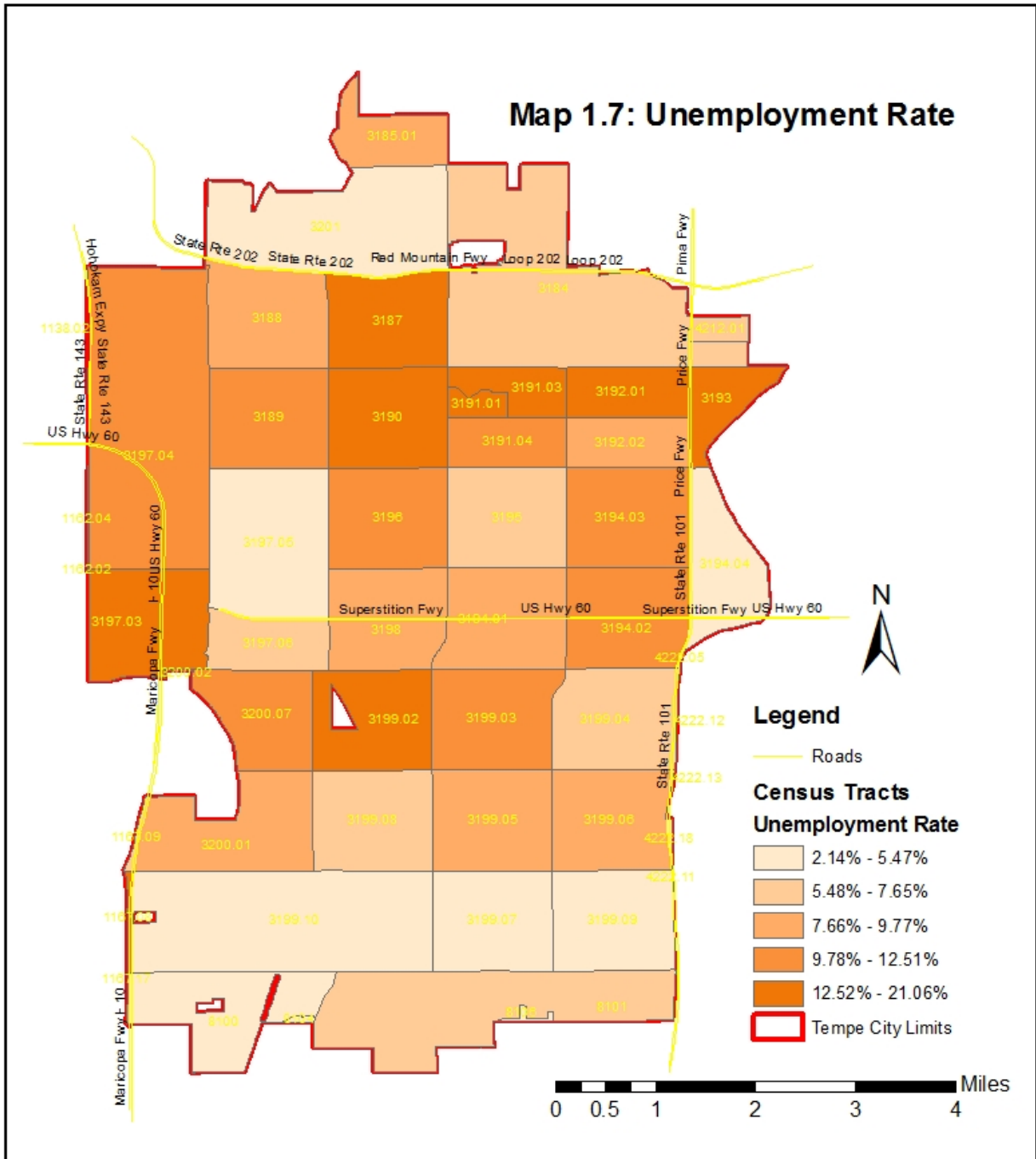
Table 1.8
Less than High School Degree for Tempe, 2008-2012

	% Less than High School Degree	White % Less HS	Black % Less HS	Hispanic % Less HS
Tempe	9.3%	8.7%	7.6%	34.0%

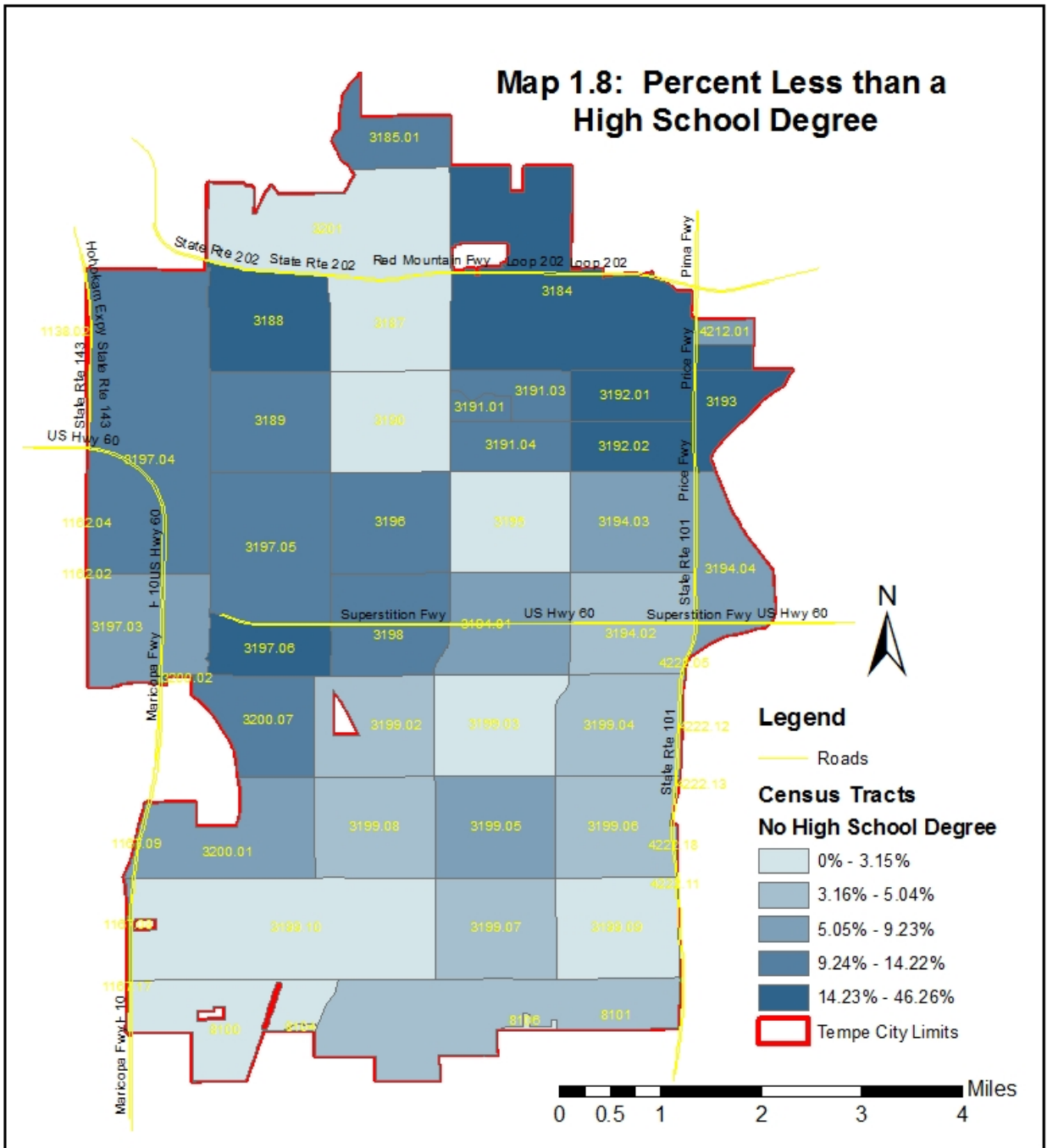
Source: Five-Year Estimates, 2008 - 2012 American Community Survey

Map 1.8 on page 19 shows the percentage of less than high school degree by census tract in Tempe.

Map 1.7: Unemployment Rate



Map 1.8: Percent Less than a High School Degree



Largest Employers

According to the major employer data as published on the City's Economic Development website, the largest employers in Tempe include Arizona State University with 11,185 employees,

The largest employer in Tempe was Arizona State University with 11,185 employees, with education making up three of the top 10 employers.

Maricopa Community Colleges with 4,611 workers, and utility provider SRP with 4,374 workers. Safeway had 3,996 employees. Wells Fargo had 3,576 employees and Freescale Semiconductor had 3,000 workers. Honeywell also had 3,000 workers. The Kyrene School District had 2,401 workers and Chase Manhattan Corporation had 2,377 employees.

Table 1.9
Major Employers, Tempe, Revised May 2012

COMPANY	PRODUCT/ SERVICE	MOST RECENT EMPLOYMENT DATA
Arizona State University	Education	11,185
Maricopa Community Colleges	Education	4,611
SRP	Utility Provider	4,374
Safeway, Inc.	Food Distribution	3,996
Wells Fargo	Business Services	3,576
Freescale Semiconductor (Motorola)	Semiconductors	3,000
Honeywell	Technology	3,000
Kyrene School District	Education	2,401
Chase Manhattan Corporation	Business Services	2,377
US Airways	Airline	1,898
City of Tempe	Government	1,519
Insight Direct, Inc.	Technology - Information	1,418
TEAM Security	Business Services	1,232
Jabil Circuit, Inc. (Varian)	Manufacturing - Electronics	1,200
Edward Jones	Advanced Business Services	1,170
Express Scripts, Inc.	Healthcare	1,170

Source: Tempe's Top Employers as posted on the City's Economic Development Webpage

1.4. Public Transportation

Valley Metro Regional Public Transportation Authority (RPTA)

According to the Valley Metro website, the Valley Metro board adopted the name Valley Metro in 1993 as the identity for the regional transit system in the Phoenix metropolitan area. Under the Valley Metro brand, local governments joined to fund the Valley-wide transit system that the public sees on the streets today. Valley Metro Board member agencies include Avondale, Buckeye, Chandler, El Mirage, Gilbert, Glendale, Goodyear, Maricopa County, Mesa, Peoria, Phoenix, Scottsdale, Surprise, Tempe, Tolleson, and Wickenburg.

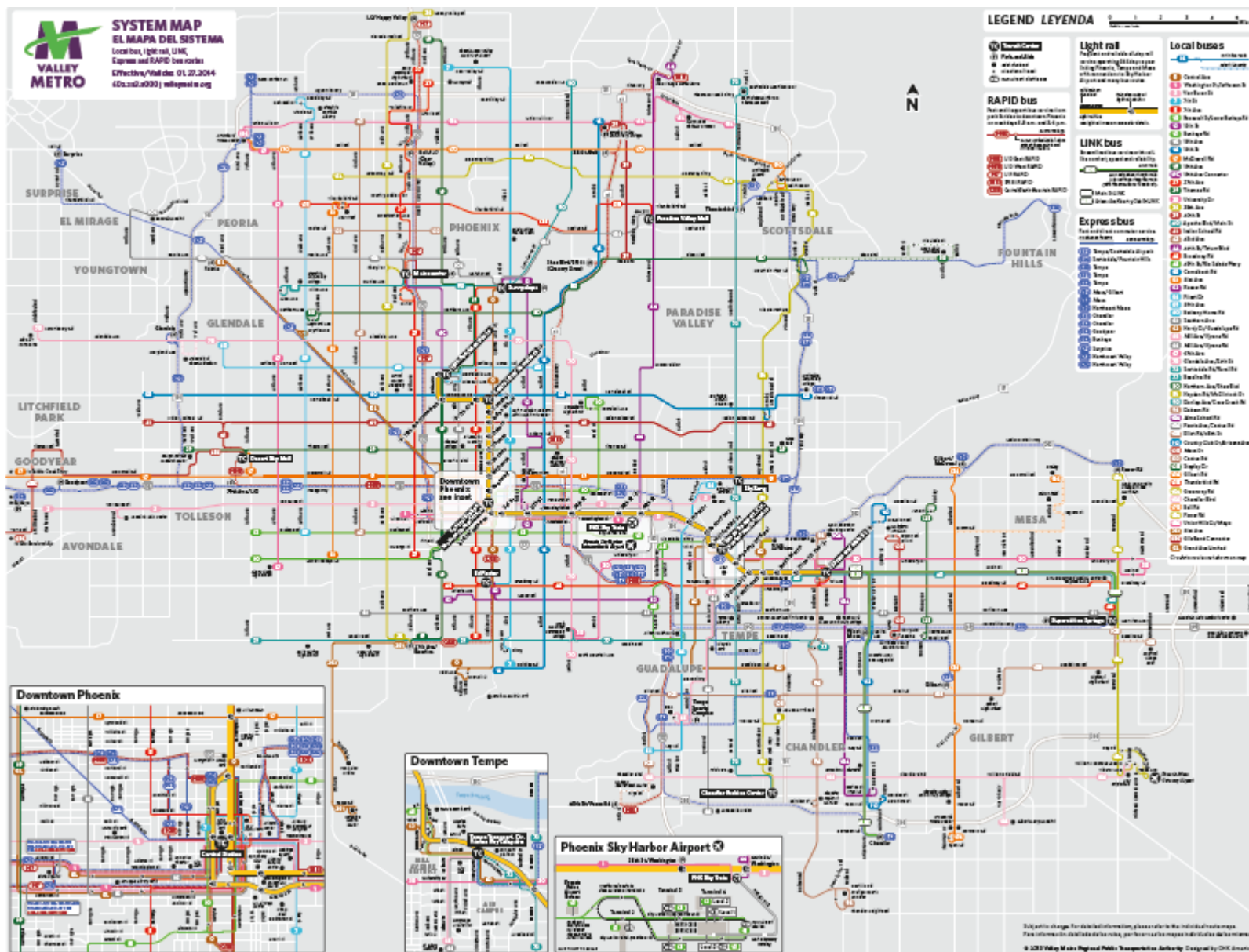
Valley Metro Rail In 2002, Valley Metro Rail Inc., a nonprofit, public corporation is formed and charged with the design, construction and operation of the region's 57-mile high-capacity transit system. Valley Metro Rail Board member cities include Phoenix, Tempe, Mesa, Glendale and Chandler. This Board establishes overall policies and provides general oversight of the agency and its responsibilities.

Valley Metro services:

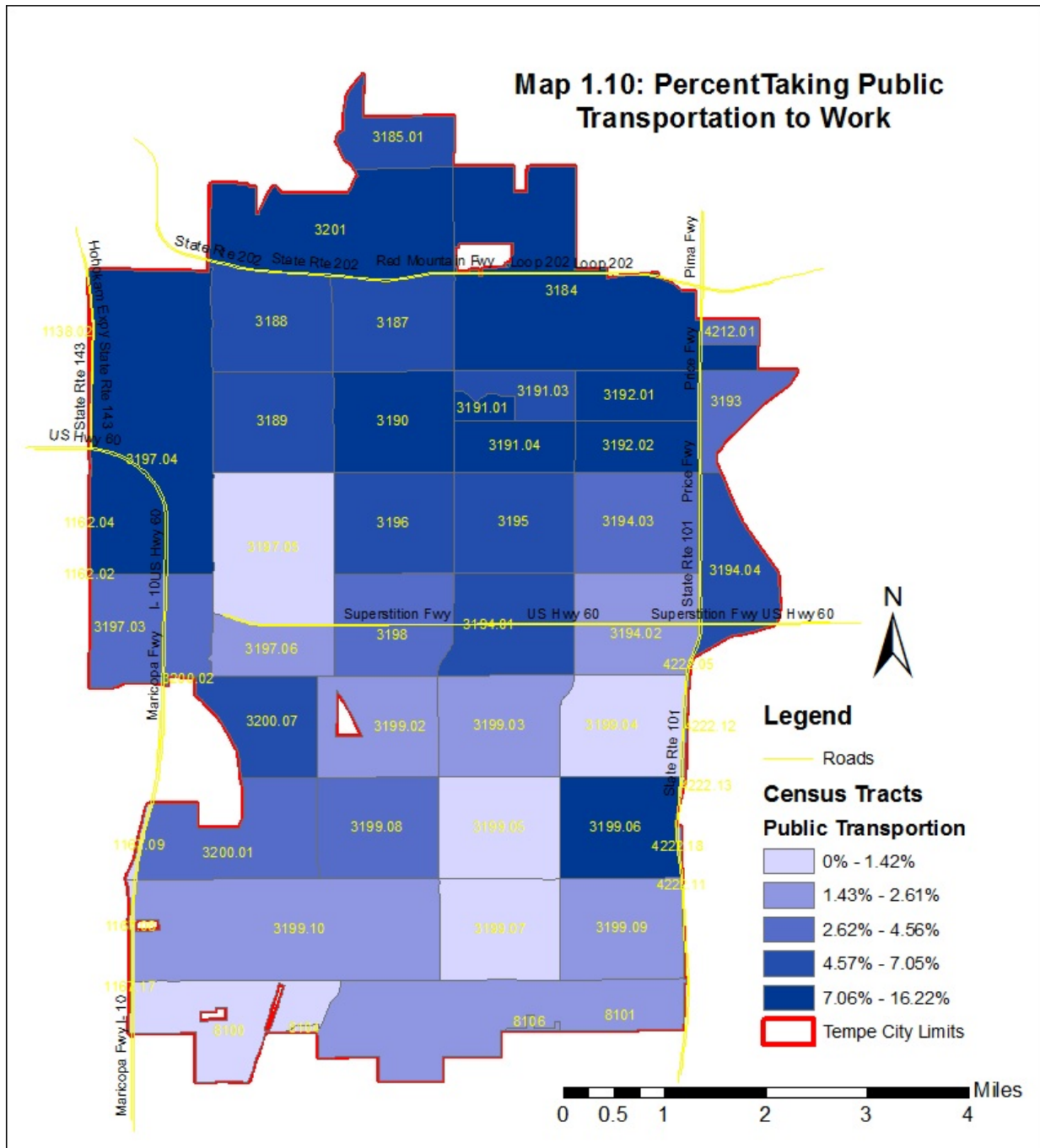
- Local, LINK, Express and RAPID commuter bus service
- Light rail Neighborhood circulators
- Rural route
- Dial-a-Ride
- Vanpool service
- Online carpool and vanpool matching system
- Assistance to local businesses to help them meet the Maricopa County trip reduction goals through alternative modes of transportation (bus, light rail, carpool, vanpool, bike, telework, etc.)

It appears that the transit systems provides comprehensive service throughout the Phoenix area, including service in Tempe.

Map 1.9: Public Bus Routes



Map 1.10: Percent Taking Public Transportation to Work



1.5. Housing

Tenure

According to the 2010 Census, the total number of housing units in Tempe was 73,462 with 7,462 or 10.2 percent vacant

The number of housing units in Tempe grew by 9.5 percent between 2000 and 2010.

units. As shown in Table 1.10, below, there were 67,068 housing units in Tempe in 2000. This represents a 9.5 percent increase in the number of housing units between 2000 and 2010. In 2010, 40.0 percent were owner-occupied and 49.8 percent were renter-occupied. The median housing value in the city was \$213,700 and the median contract rent was \$808 between 2008 and 2012.

Table 1.10
Tenure for housing in Tempe, 1990, 2000, and 2010

Tenure	1990		2000		2010	
	Number	Percent	Number	Percent	Number	Percent
Owner-occupied	28,645	46.6%	32,444	48.4%	29,384	40.0%
Renter-occupied	26,895	43.8%	31,158	46.5%	36,616	49.8%
Vacant	5,912	9.6%	3,466	5.2%	7,462	10.2%
Total	61,452	100.0%	67,068	100.0%	73,462	100.0%

Source: 1990, 2000, and 2010 US Census

According to the ACS 5 year average of Tenure by race as shown in Table 1.11, 50 percent of White households were living in owner-occupied housing for the period of 2008 – 2012, compared to

17.6 percent of African-American households and 36.5 percent of Hispanic households. This means that the percentage of African-American and

Table 1.11
Tenure by Race in Tempe, 2008-2012

Tenure by Race	Owner-Occupied		Renter-occupied	
	Number	Percent	Number	Percent
White	26,025	50.0%	26,001	50.0%
African-American	583	17.6%	2,727	82.3%
Hispanic	3,895	36.5%	6,782	63.5%

Source: Five-Year Estimates, 2008-2012 American Community Survey

Hispanic owner households were well below the city average of 45.6 percent.

Housing Type

Table 1.12, below, shows that of all housing units in Tempe, 43.5 percent were categorized as single-family detached, 7.1 percent as single-family attached, 9.0 percent contained two to four units, 37.6 percent as multifamily, and 2.9 percent as mobile home or other.

Over 43 percent of housing units in Tempe were single-family detached.

Table 1.12
Housing type for Tempe, 2008-2012

Units in Structure	Number	Percent
Single-family Detached	31,474	43.5%
Single-family Attached	5,118	7.1%
2-4 Units	6,497	9.0%
Multifamily	27,223	37.6%
Mobile Home or Other	2,111	2.9%
Total	72,423	100.0%

Source: Five-Year Estimates, 2008-2012 American Community Survey

Age of Housing

As shown on Table 1.13, below, 1.5 percent of all housing units in the Tempe were built prior to 1950, 5.2 percent were built between 1950 and 1959, 12.7 percent were built between 1960 and 1969, 32.4 percent were built between 1970 and 1979, and 48.2 percent were built after 1979. About 52 percent of the housing stock is more than 30 years old, built prior to 1980. These units may contain lead-based paint or likely to be in need of repairs and maintenance.

Over 51 percent of housing units in Tempe are more than 30 years old. These housing units may contain lead-based paint or likely to be in need of repairs and maintenance.

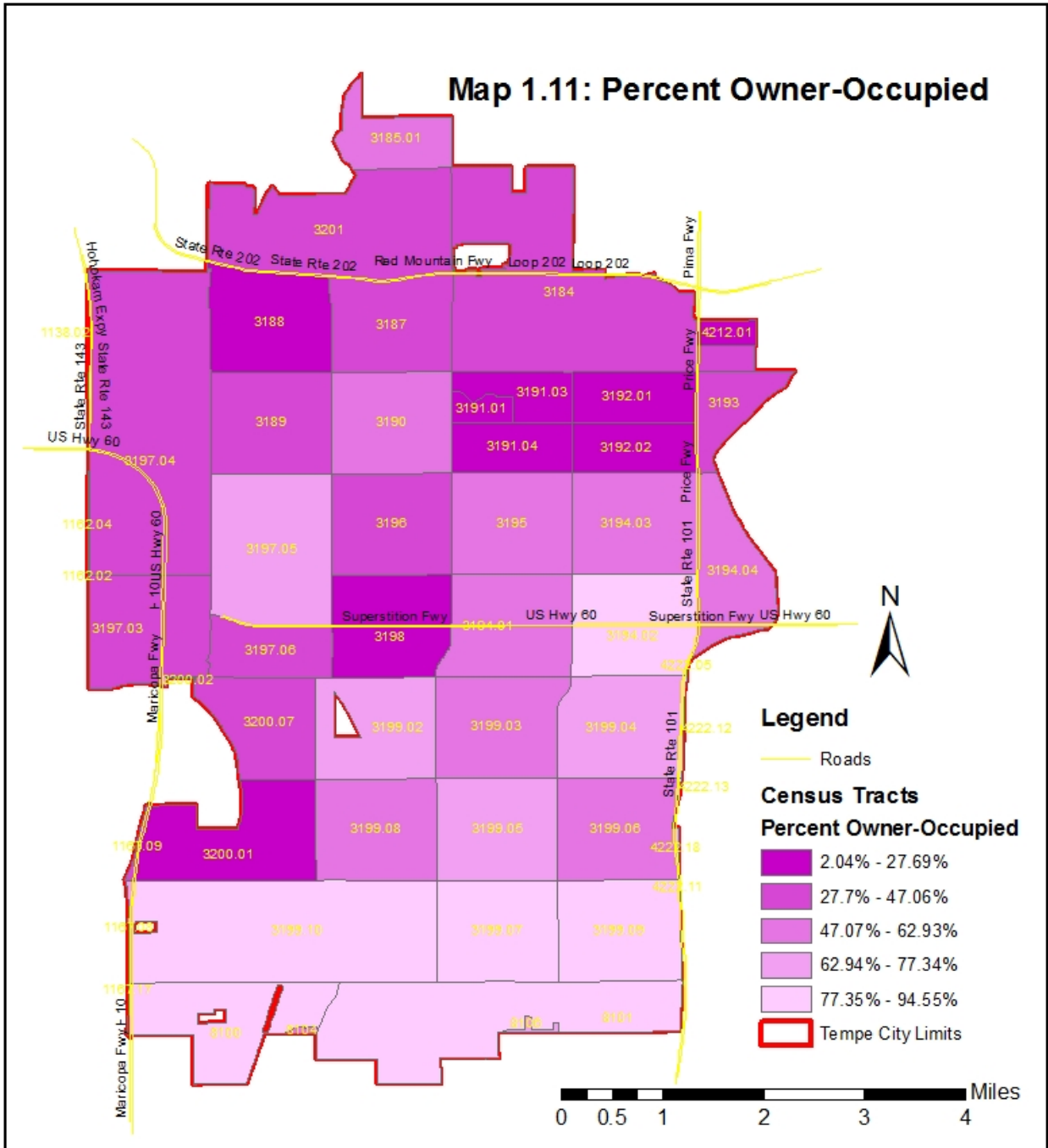
Table 1.13
Age of Housing Stock in Tempe, 2008-2012

Year Built	Number	Percent
Built 2010 or Later	90	0.1%
Built 2000 to 2009	7,064	9.8%
Built 1990 to 1999	9,288	12.8%
Built 1980 to 1989	18,512	25.6%
Built 1970 to 1979	23,460	32.4%
Built 1960 to 1969	9,177	12.7%
Built 1950 to 1959	3,768	5.2%
Built 1940 to 1949	657	0.9%
Built 1939 or Earlier	407	0.6%
Total	72,423	100.0%

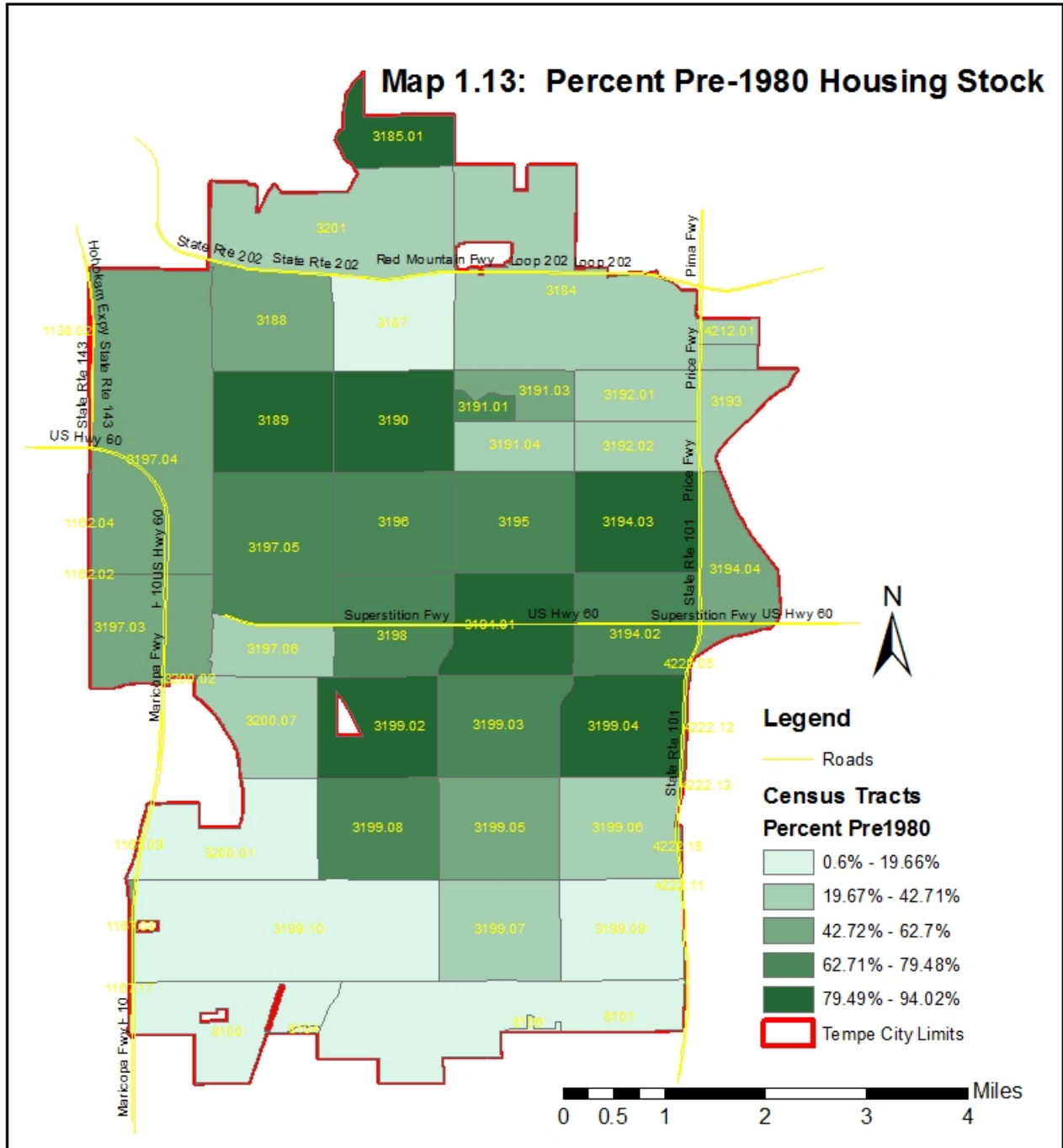
Source: Five-Year Estimates, 2008-2012 American Community Survey

Maps 1.11, on page 26, and Map 1.12, on page 27, indicate the distribution of owner- and renter-occupied housing across Tempe. Map 1.13, on page 28, shows the distribution of the oldest housing stock in Tempe. Maps 1.14 and 1.15, on pages 29 and 30, provide a geographic depiction of the distribution of housing values and rents across Tempe.

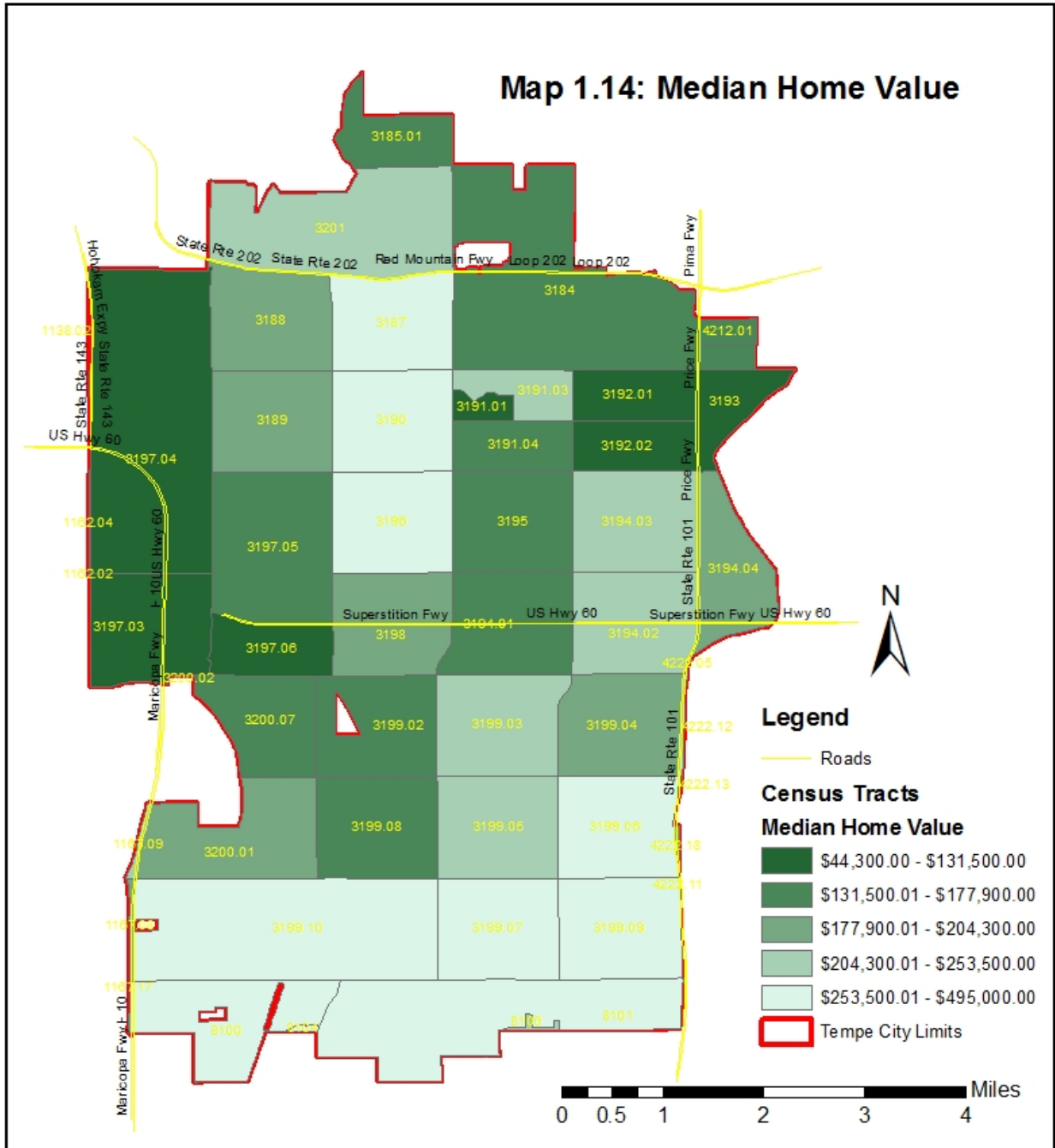
Map 1.11: Percent Owner-Occupied



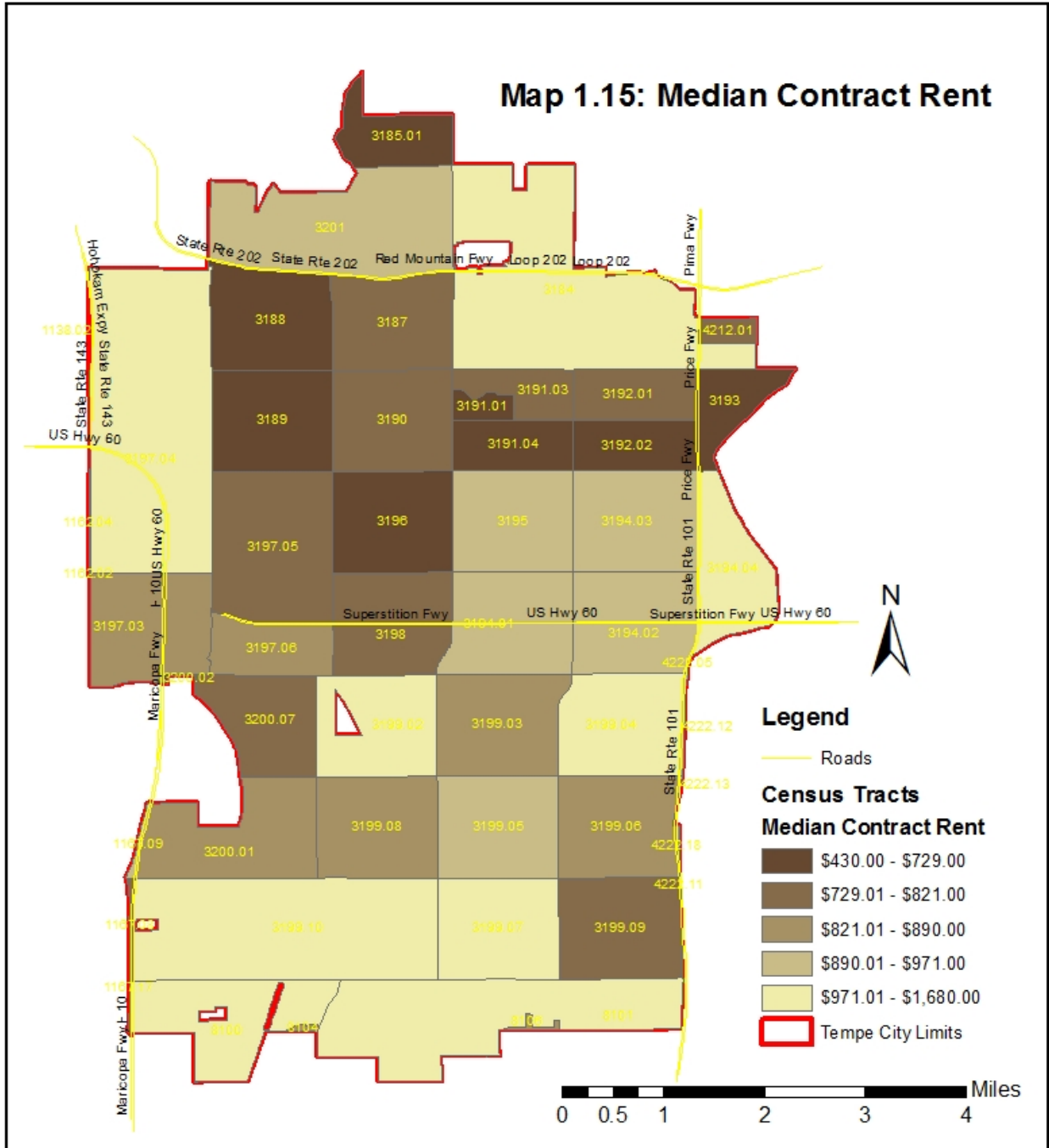
Map 1.13: Percent Pre-1980 Housing Stock



Map 1.14: Median Home Value



Map 1.15: Median Contract Rent



Cost Burden

Data contained in the Comprehensive Housing Affordability Strategy (CHAS) data compiled from American Communities Survey results from 2007 through 2011, duplicated in Table 1.14, on page 32, indicates that the impact of housing costs on household incomes is very severe on low- and very low-income households in Tempe. The table indicates that 67 percent of all very low-income renters (those earning between 0 percent and 30 percent of the median family income) and over 68 percent of very low-income homeowner households pay more than 50 percent of their income on housing expenses. Further, nearly two percent more very low-income renters and seven percent more very low-income homeowners pay between 30 and 50 percent of their incomes on housing expenses. Paying more than 30 percent on housing expenses is considered “Cost Burdened” and paying more than 50 percent on housing expenses is considered “Severely Cost Burdened”.

Sixty-seven percent of very low-income renter households in Tempe are severely cost burdened, paying more than 50 percent of their incomes on housing expenses.

Looking at households earning between 31 percent and 50 percent of the median family income, 47 percent of low-income renters and 49 percent of low-income homeowners pay more than 50 percent on housing expenses. Also, 44 percent of renters and over 13 percent of homeowners are paying between 30 and 50 percent on housing expenses in the Tempe. Overall, 27 percent of homeowners in Tempe are cost burdened, as are 47 percent of renters. Included in those numbers are those with severe cost burden, almost 13 percent of homeowners and 24 percent of renters.

Over 83 percent of households earning less than 30% of the area median family income in Tempe are renters. Renters continue to dominate tenure by income group from all income groups except those earning above 100% of the area median family income, where almost 66 percent are homeowners.

Eighty-three percent of households earning less than 30% of the area median family income are renters.

Table 1.14: Cost Burden by Tenure and Household Income					
Income Distribution Overview					
	Owner	%	Renter	%	Total
Household Income ≤ 30% HAMFI	1,520	16.97	7,435	83.03	8,955
Household Income >30% to ≤50% HAMFI	1,565	22.37	5,430	77.63	6,995
Household Income >50% to ≤80% HAMFI	3,220	32.84	6,585	67.16	9,805
Household Income >80% to ≤100% HAMFI	2,245	37.89	3,680	62.11	5,925
Household Income >100% HAMFI	20,910	64.55	11,485	35.45	32,395
Total	29,460	45.98	34,615	54.02	64,075
Income by Cost Burden (Owners and Renters)					
	Cost burden > 30%	%	Cost burden > 50%	%	Total
Household Income ≤ 30% HAMFI	6,340	70.80	6,060	67.67	8,955
Household Income >30% to ≤50% HAMFI	5,905	84.36	3,305	47.21	7,000
Household Income >50% to ≤80% HAMFI	6,340	64.66	1,940	19.79	9,805
Household Income >80% to ≤100% HAMFI	2,200	37.13	365	6.16	5,925
Household Income >100% HAMFI	3,310	10.22	495	1.53	32,395
Total	24,095	37.60	12,165	18.99	64,075
Income by Cost Burden (Renters only)					
	Cost burden > 30%	%	Cost burden > 50%	%	Total
Household Income ≤ 30% HAMFI	5,185	69.74	5,020	67.52	7,435
Household Income >30% to ≤50% HAMFI	4,925	90.70	2,535	46.69	5,430
Household Income >50% to ≤80% HAMFI	4,470	67.88	820	12.45	6,585
Household Income >80% to ≤100% HAMFI	1,080	29.35	30	0.82	3,680
Household Income >100% HAMFI	580	5.05	55	0.48	11,485
Total	16,240	46.92	8,460	24.44	34,615
Income by Cost Burden (Owners only)					
	Cost burden > 30%	%	Cost burden > 50%	%	Total
Household Income ≤ 30% HAMFI	1,160	76.32	1,045	68.75	1,520
Household Income >30% to ≤50% HAMFI	980	62.62	770	49.20	1,565
Household Income >50% to ≤80% HAMFI	1,870	58.07	1,120	34.78	3,220
Household Income >80% to ≤100% HAMFI	1,120	49.89	335	14.92	2,245
Household Income >100% HAMFI	2,730	13.06	440	2.10	20,910
Total	7,860	26.68	3,710	12.59	29,460

Source: HUD Comprehensive Housing Affordability Strategy (CHAS) Tables from ACS, 2007-2011

As shown in Table 1.16, to the right, 34 percent of owner households with a mortgage in Tempe were cost burdened according to the 2008-2012 five-year average from the American Community Survey. Cost burden among homeowners is highest for the lowest income, as would be expected. The table shows that 100 percent homeowners earning less than \$20,000 per year are cost burdened. The percentage shrinks to 92.1 for those earning between \$20,000 and \$34,999. The percentage is still large at almost 63 percent for those earning between \$35,000 and \$49,999.

Table 1.17 on the following page shows a similar situation for renters. Overall, 49 percent of renter households in Tempe are cost burdened. For the lowest income households, those earning less than \$10,000, 63

percent are cost burdened. Ninety-six percent of those earning between \$10,000 and \$19,999 were also cost burdened.

Table 1.15
Owner Housing Costs as a Percent of Household Income in Tempe, 2008-2012

Housing Costs as a Percentage of Household Income	Number of Owner of Households	Cost Burden 30%
With a Mortgage		
Less than \$20,000	1,099	
Less than 30.0 Percent	0	
30.0 Percent or More	1,099	100.0%
\$20,000 to \$34,999	2,070	
Less than 30.0 Percent	163	
30.0 Percent or More	1,907	92.1%
\$35,000 to \$49,999	2,577	
Less than 30.0 Percent	963	
30.0 Percent or More	1,614	62.6%
\$50,000 or More	16,050	
Less than 30.0 Percent	13,240	
30.0 Percent or More	2,810	17.5%
Total Owner Households	21,796	
Less than 30.0 Percent	14,366	
30.0 Percent or More	7,430	34.1%
Not Mortgaged		
Less than \$20,000	1,348	
Less than 30.0 Percent	548	
30.0 Percent or More	800	59.3%
\$20,000 to \$34,999	1,086	
Less than 30.0 Percent	1,031	
30.0 Percent or More	55	5.1%
\$35,000 to \$49,999	1,169	
Less than 30.0 Percent	1,141	
30.0 Percent or More	28	2.4%
\$50,000 or More	3,662	
Less than 30.0 Percent	3,662	
30.0 Percent or More	0	0.0%
Total Owner Households	7,265	
Less than 30.0 Percent	6,382	
30.0 Percent or More	883	12.2%

Source: Five-Year Estimates, 2008-2012 American Community Survey

Ninety-six percent of renter households earning between \$10,000 and \$19,999 pay more than 30 percent of their incomes on housing expenses.

Table 1.16
Gross Rent as a Percent of Household Income in Tempe,
2008-2012

Gross Rent as a Percentage of Household Income	Number of Households	Cost Burden 30%
Less than \$10,000	5,611	
Less than 30.0 Percent	91	
30.0 Percent or More	3,530	62.9%
\$10,000 to \$19,999	5,223	
Less than 30.0 Percent	117	
30.0 Percent or More	5,013	96.0%
\$20,000 to \$34,999	7,034	
Less than 30.0 Percent	1,184	
30.0 Percent or More	5,570	79.2%
\$35,000 to \$49,999	5,911	
Less than 30.0 Percent	3,657	
30.0 Percent or More	2,154	36.4%
\$50,000 or More	11,264	
Less than 30.0 Percent	10,026	
30.0 Percent or More	950	8.4%
Total Renter Households	35,043	
Less than 30.0 Percent	15,075	
30.0 Percent or More	17,217	49.1%

Source: Five-Year Estimates, 2008-2012 American Community Survey

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

Introduction

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

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

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

A more difficult, but intertwined, aspect of evaluating barriers to fair housing choice involves an analysis of public policy, programs and regulations that impact the availability of affordable housing. Our analysis centered on how governmental actions impact fair housing choice and the availability of adequate, decent, safe, and affordable housing for people of all incomes. We examined government subsidies and public funding appropriations used to provide housing assistance for very low- and low-income households. This included an analysis of City of Tempe operated Community Development Block Grant (CDBG), Home Investment Partnership Act (HOME), and Emergency Solutions Grant (ESG) programs operated utilizing federal funding provided in Section 2.3. Numerous documents were collected and analyzed to complete this section. The key documents are Consolidated Plans, Annual Action Plans, and the Consolidated Annual Performance Evaluation Reports (CAPER); and the Section 8 Housing Choice Voucher Program Annual Plan, Five Year Plan, Administrative policies and Annual Contributions Contract. City staff also provided information on its current and future initiatives utilizing CDBG funds and other federal grants.

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

Section 2.5 provides an analysis of fair housing complaints filed with HUD. Section 2.5 also contains conclusions about fair housing barriers based on the existing law, enforcement efforts, complaint analysis, and the availability of affordable housing. The HUD San Francisco Fair Housing and Equal Opportunity (FHEO) Office has responsibility for fair housing enforcement in Tempe. Official compliant date was received from the HUD Regional Office, Fair Housing Equal Opportunity Division.

2.1. Fair Housing Law

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

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

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

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

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

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

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

As a test to determine if advertising relative to housing and real estate in the local housing market have impediments to fair housing, a review of local advertisements in real estate publications from August and September 2014 was conducted. These types of advertisements cover an area larger than just Tempe, and the time-period is insufficient to conclusively establish a pattern of discrimination. The data does however provide an accurate snapshot of the advertising available, and a general overview of the state of compliance with fair housing law. The advertising, especially those with images of prospective or current residents was reviewed, with a sensitivity toward:

- Advertising with all or predominately models of a single race, gender, or ethnic group;
- Families or children in ad campaigns depicting images of prospective residents;
- Particular racial groups in service roles (maid, doorman, servant, etc.);
- Particular racial groups in the background or obscured locations;
- Any symbol or photo with strong racial, religious, or ethnic associations;
- Advertising campaigns depicting predominately one racial group;
- Campaigns run over a period of time, including a number of different ads, none or few of which include models of other races;
- Ads failing to contain Equal Housing Opportunity (EHO) statements or logos, or contains the statement or logo, but it is not readily visible; and

- Ad campaigns involving group shots or drawings depicting many people, all or almost all of whom are from one racial group.

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

Fair Housing Assistance Program (FHAP) Agencies

The U. S. Department of Housing and Urban Development (HUD) provides funding to state and local governmental agencies to enforce local fair housing laws that are substantially equivalent to the Fair Housing Act. Once a state and a city or county in that state have a substantially equivalent fair housing law, they can apply to become certified as a Fair Housing Assistance Program (FHAP) Agency and receive funds for investigating and conciliating fair housing complaints or a Fair Housing Initiatives Program (FHIP) Agency and receive funds for education, promoting fair housing, and investigating allegations. It should be noted that a county or city must be located in a state with a fair housing law that has been determined by HUD to be substantially equivalent. Then, the local jurisdiction must also adopt a law that HUD concludes is substantially equivalent in order to participate in the FHAP Program. The local law must contain the seven protected classes - race, color, national origin, sex, religion, handicap, and familial status - and must have substantially equivalent violations, remedies, investigative processes, and enforcement powers.

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

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

Court Decisions

Walker v. HUD represents a landmark case, settled by consent decree, and establishing precedent as to HUD, PHA and City responsibilities and culpability for insuring the elimination of segregation in public and assisted housing. - The **Walker** public housing/Section 8 desegregation litigation began in 1985 when one plaintiff, Debra Walker, sued one Dallas, Texas area suburb, Mesquite. The lawsuit contended that Mesquite's refusal to give its consent for DHA to administer Section 8 certificates within Mesquite violated the 14th Amendment and the other civil rights law prohibiting racial discrimination in housing. The early stage of **Walker** resulted in the entry of the 1987 consent decree involving DHA and HUD without any liability findings. The suit was subsequently amended to bring in DHA, HUD, and the City of Dallas and to provide for a class of Black public housing and Section 8 participants who contended that the Dallas Housing Authority segregated person in public housing by race leading to racial concentrations of African Americans in minority concentrated areas. The suburbs, with the exception of Garland, gave their consent to the operation of DHA's Section 8 program within their jurisdiction and were dismissed from the case. The City of Dallas was subsequently found liable for its role in the segregation of DHA's programs in the Court's 1989 decision, **Walker III**, 734 F. Supp. 1289 (N.D. Tex. 1989).

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

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

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

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

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

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

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

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

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

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

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

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

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

At the inception of the Fair Housing Act, insurance companies took the position that they were not covered by the Act. However, in 1992 a Wisconsin Appeals Court determined that the Act “applies to discriminatory denials of insurance and discriminatory pricing that effectively preclude ownership of housing because of the race of an applicant.” The case was a class action lawsuit brought by eight African-American property owners, the NAACP, and the American Civil Liberties Union against the American Family Insurance Company. The plaintiffs claimed they were either denied insurance, underinsured, or their claims were more closely scrutinized than Whites. American Family’s contention was that the Act was never intended to prohibit insurance redlining. The appeals Court stated, “Lenders require their borrowers to secure property insurance. No insurance, no loan; no loan, no house; lack of insurance thus makes housing unavailable.” A 1998 court verdict against Nationwide Insurance further reinforced previous court action with a \$100 million judgment due to illegally discriminating against black homeowners and predominantly black neighborhoods.

Another case was settled for \$250,000 in Maryland when Baltimore Neighbors, Inc., a non-profit organization, alleged that real estate agents were steering. Fine Homes’ real estate agents were accused of steering prospective African-American buyers away from predominantly White neighborhoods and Whites were almost never shown homes in predominantly African-American zip codes.

In 2009 a landmark housing discrimination case was settled between the Connecticut Fair Housing Center and the New Horizons Village Apartments. In this case, the State

of Connecticut Office of Protection and Advocacy for Person with Disabilities sued New Horizons Village, an apartment complex which provides independent housing for people with severe physical disabilities. Under the consent decree, New Horizons will no longer be allowed to require tenants to open their private medical records for review and require them to prove they can “live independently”. CT Fair Housing Center stated “The Fair Housing Act is clear that it is impermissible to limit the housing choices of people with disabilities based on stereotypes about their ability to care for themselves; people with disabilities are entitled to the same freedom to choose how and where they want to live as people without disabilities.”

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

“Unjustified institutionalization of persons with mental disabilities...qualifies as discrimination.”- was stated as the majority opinion of the U.S. Supreme Court. In a landmark decision by a 6-3 vote, the U.S. Supreme Court ruled in June 1999, that a state may not discriminate against psychiatric patients by keeping them in hospitals instead of community homes. The court said that the Americans with Disabilities Act (ADA) may require that states provide treatment in community-based programs rather

than in a segregated setting. This case, known as the Olmstead case, ruled that community placement is a must when deemed appropriate by state professionals, agreed to by the individual with the disability, and resources available are sufficient. The courts agreed with “the most integrated setting” provision of the ADA.

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

In 2003, a settlement was ordered by the District Court in New Jersey for the owner of the internet website, www.sublet.com, who was found guilty of publishing discriminatory rental advertisements which is prohibited by the Fair Housing Act. It was the first of its kind to be brought by the Justice Department. It was thought to be imperative that the federal laws that prohibit discriminatory advertising should be enforced with the same vigor with regard to internet advertising as it would for print and broadcast media. The court ordered the site to establish a \$10,000 victim fund to compensate individuals

injured by the discrimination. They were also ordered to pay a civil penalty of \$5,000, adopt a non-discrimination policy to be published on the website, and require all employees to undergo training on the new practices.

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

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

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

In 2005, the National Association for the Advancement of Colored People (NAACP), The National Association of Home Builders (NAHB), and the Home Builders Association (HBA) of Greater Austin, filed a federal lawsuit against the County of Kyle, Texas. The plaintiffs contended that ordinances passed by the Kyle County Council, imposing requirements such as all-masonry construction, expanded home size, and expanded

garage size, drive up the cost of starter homes by over \$38,000 per new unit. The allegation is that this increase has a disproportionate impact on minorities and this effect violates the Fair Housing Act. The County of Kyle filed a motion to dismiss, asserting that both NAACP and NAHB lack standing. The federal district court recognized the plaintiff's standing in 2006. Thereafter, the cities of Manor, Round Rock, Pflugerville, and Jonestown, all moved to join the litigation on the grounds that they each have ordinances similar to the one being challenged in Kyle and that any positive decision in this case would allow NAHB and NAACP to sue them at some later date. In May the court decided that the cities could participate as friends of the court but may not join in the litigation otherwise. This case is pending appeal.

Homelessness and the Fair Housing Act

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

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

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

Unfair Lending Practices

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

The U.S. Supreme Court ruled in June 2009 that states may investigate national banks to determine if they have discriminated against minorities seeking home loans. Furthermore states may charge accused violators if found guilty. The new legislation stemmed from a discrimination investigation of national banks by the New York attorney general. The federal Office of the Comptroller of the Currency (OCC) sought legal action through the courts to stop the attorney general's investigation because legal

principals suggested that only federal regulators can require national banks to conform to regulations and practices that discourages unfair lending. The Supreme Court overturned this ruling giving state government power to enforce consumer-protection and lending policies.

2.2. Enforcement

It has long been settled that fair housing testing is legal and that non-profits have standing to sue so long as certain criteria are met. These decisions make it feasible for non-profits to engage in fair housing enforcement activities.

The Department of Housing and Urban Development enforces federal fair housing laws which prohibit discrimination in the buying, selling, rental or enjoyment of housing because of race, color, national origin, religion, sex, disability or familial status. The HUD FHEO Regional Office in San Francisco is responsible investigations of fair housing complaints that are reported directly to their office. Tempe, Arizona is part of the HUD Region IX that includes the Arizona, California, Nevada, and Hawaii. When the HUD Regional Office investigates complaints of discrimination, an investigator generally spends time in the jurisdiction, on-site, interviewing the complainant, respondents, and witnesses, reviewing records and documentation, while observing the environment. A detailed discussion of the complaints filled with HUD follows in Section 2.5. When a complaint is filed with any of the jurisdictions, HUD is notified of the complaint. HUD will notify the violator of the complaint and permit all parties involved an opportunity to submit an answer. HUD will conduct investigations of the complaint to determine whether there is reasonable cause to believe the Federal Fair Housing Act has been violated. The complainant is then notified. A detailed discussion of the complaints filed with HUD follows in Section 2.5. A case is typically heard in an Administrative Hearing unless one party wants the case to be heard in Federal District Court.

Education and Outreach

The City of Tempe directs fair housing complaints to and makes referrals to HUD for enforcement. The City is also responsible for conducting public education, training and outreach of fair housing rights in Tempe. Education of the public regarding the rights and responsibilities afforded by fair housing law is an essential ingredient of fair housing enforcement. This includes outreach and education to the general public, landlords and tenants, housing and financial providers, as well as citizens, concerning fair housing and discrimination. It is important that potential victims and violators of housing and/or lending discrimination law be aware of fair housing issues generally, know what may constitute a violation, and what they can do in the event they believe they have been discriminated against. Likewise, it is important for lenders, housing providers, and their agents to know their responsibilities and when they may be violating fair housing law.

Often, people may be unaware of their fair housing rights. Present day housing discrimination tends to be subtle. Instead of saying that no children are allowed, they may impose unreasonable occupancy standards that have the effect of excluding families with children. Rather than saying, "We do not rent to Hispanics," they may say, "Sorry we do not have any vacancies right now, try again in a few months," when, in fact, they do have one or more vacancies. Printed advertisements do not have to state, "no families with children or minorities allowed" to be discriminatory. A series of ads run over an extended period of time that always or consistently exclude children or minorities may very well be discriminatory. In addition, a person who believes he/she may have been discriminated against will probably do nothing if he/she does not realize that a simple telephone call can initiate intervention and a resolution on his/her behalf, without the expenditure of funds or excessive time. Thus, knowledge of available resources and assistance is a critical component.

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

An assessment of characteristics affecting housing production, availability, and affordability in Tempe and utilization of Federal Entitlement Grant funding was conducted, including the adequacy and effectiveness of programs designed and implemented utilizing CDBG and HOME Entitlement funding by the City of Tempe. The assessment evaluated the programs' ability to reach their target markets and how effective they are in identifying and serving those who have the greatest need. We also assessed the extent to which the agencies prioritized funding and utilized programs to address impediments identified in the City's Fair Housing Impediment Analysis conducted prior to FY 2014. The City of Tempe's Consolidated Plan, Annual Action Plan, Consolidated Annual Performance Evaluation Report, and other documentation were utilized.

The FY 2014 - 2015 Annual Action Plan submitted to HUD indicated that the City of Tempe anticipated receiving approximately \$1,380,837 in CDBG and \$340,023 in Entitlement Funding for the Program Year and with anticipated program income of \$25,000, and \$79,693 in HOME Match will operate a total budget of \$1,825,553 for the program year. The City also anticipated receiving \$8,556,662 in Section 8 Housing Choice Voucher funding for the program year.

\$ 1,380,837 Community Development Block Grant (CDBG)

\$ 340,023 Home Investment Partnership Grant (HOME)

\$ 79,693 Home Investment Partnership Grant Match

\$ 25,000 Program Income

\$ 1,825,553 Total Entitlement Funding

\$ 8,556,682 Section 8 Voucher Program

2.4. Regulatory and Public Policy Review

The City of Tempe has not enacted substantially equivalent fair housing law. The State of Arizona Fair Housing Act is deemed substantially equivalent to the Federal Fair Housing Act providing substantially equivalent protections to the seven protected classes under the Federal Fair Housing Act. Having a local fair ordinance, especially one that is substantially equivalent to the federal Fair Housing Act, exemplifies a jurisdiction's local commitment to enforcing fair housing regulations and it provides public awareness of individuals' rights under the Fair Housing Act.

The city zoning ordinance, development code and public policies were examined to reveal any current ordinances or policies that impede fair housing choice. Tempe's land development codes and zoning regulations address affordable housing and the provision of making allowances through the code to allow the construction of a variety of types of housing including single family and multifamily housing. The regulations provide for the consideration of variances to development barriers that affect the feasibility of producing housing within the jurisdictions. Regulations allow up to 8 unrelated persons to reside in a single family structure by right without specific use or conditional use permits and has adequate provisions for group homes and special needs populations.

2.5. Analysis of Fair Housing Complaints

Fair housing complaint information was received from the U.S. Department of Housing and Urban Development and provides a breakdown of complaints filed for Tempe from August 1, 2009 through September 30, 2014. The complaints filed with HUD are received from the Fair Housing and Equal Opportunity (FHEO) regional office in San Francisco, California. Twenty three complaints were filed according to one or more of seven bases, including; National Origin, Color, Religion, Familial Status, Handicap, Sex, and Race. Table 2.5.1, shows the breakdown. The totals in the chart actually sum to more than twenty three complaints because some cases cited multiple bases in their claim.

Table: 2.5.1: Fair Housing Complaints by the Basis of Complaint August 2009 - Sept 2014

Protected Class	Race/ Color	National Origin	Familial Status	Handicap Disability	Sex	Religion	Totals
2009	1			1			2
2010		1		1			2
2011				2			2
2012	4	2		5			11
2013			1	4			5
2014				2			2
Total	5	3	1	15			24

Source: U.S. Department of Housing and Urban Development – San Francisco California Regional Office

Of the twenty three complaints, fifteen cases were closed with a no cause determination, meaning that justification for the complaint was not applicable to the Fair Housing Act. Three cases were withdrawn after resolution, one case conciliated, two cases were dismissed when the complainant failed to cooperate and two remained open. Table 2.5.2 shows case closure types by year the case was opened.

Table: 2.5.2: Type of Case Closure (2009 - 2014)

Type of Closure	2009	2010	2011	2012	2013	2014	Total
Cases remain open				1		1	2
Case Conciliated / FHAP Judicial Consent Order				1			1
No Probable Cause / FHAP Judicial Dismissal	1	2		6	4	2	15
Withdrawn/After Resolution			1		2		3
Unable to Locate Complainant / or Complainant failed to cooperate		1		1			2
Lack of Jurisdiction/Administrative							
Totals	1	3	1	9	6	3	23

Source: U.S. Department of Housing and Urban Development – San Francisco California Regional Office

2.6. Conclusions and Implications for Fair Housing Barriers and Impediments

The City of Tempe has not enacted substantially equivalent fair housing law and the State of Arizona has enacted fair housing law that is substantially equivalent to the Federal Fair Housing Act. The City of Tempe provides referral of fair housing complaints to HUD for investigation and enforcement and is responsible for conducting public education, training and outreach of fair housing rights in Tempe. Fair housing complaint information was received from HUD and provides a breakdown of complaints filed for Tempe from August 1, 2009 through September 30, 2014. The complaints filed with HUD are received from the Fair Housing and Equal Opportunity (FHEO) regional office in San Francisco, California. Twenty three complaints were filed according to one or more of seven bases, including; National Origin, Color, Religion, Familial Status, Handicap, Sex, and Race. Of the twenty three complaints, fifteen cases were closed with a no cause determination, meaning that justification for the complaint was not applicable to the Fair Housing Act. Three cases were withdrawn after resolution, one case conciliated, two cases were dismissed when the complainant failed to cooperate and two remained open.

Real estate related publications advertising the sale or rental of housing and advertising home improvements and remodeling, directed toward persons in the greater Tempe area were reviewed. Some publications made blanket statements at the front of the publication stating that the magazines as well as their advertisers are subject to the Federal Fair Housing Act. Some advertiser included EHO statements and/or logos. No violations were noted as a result of this analysis. The FY 2014 - 2015 Annual Action Plan submitted to HUD indicated that the City of Tempe anticipated receiving approximately \$1,380,837 in CDBG and \$340,023 in Entitlement Funding for the Program Year and with anticipated program income of \$25,000, and \$79,693 in HOME Match will operate a total budget of \$1,825,553 for the program year. The city zoning ordinance building codes and public policies were examined to reveal any current ordinances or policies that impede fair housing. No concerns were noted as a result.

Section 3: Focus Group Sessions and Community Engagement

Introduction

This section will report on the results from three Fair Housing Focus Group sessions held on August 19th, 2014 at the Tempe Public Library, 3500 South Rural Road, Tempe, Arizona. Supplemental interviews were conducted with and information and input received from various City Departments and Divisions, Tempe Community Council, Chamber of Commerce and Board of Realtors representatives, Continuum of Care organization, community, professional and industry representatives to obtain information from those unable to attend the focus group sessions. Participants in the focus groups sessions and supplemental interviews included Tempe City staff and other government representatives; administrators from local colleges, universities, and school districts; non-profit organizations, home builders, housing and social service agencies representatives; real estate and financial industry representatives; and the general public and other community representatives.

Attendees were gathered through invitations sent to select resident and community leaders, organizations, industry professionals and public officials and a public meeting notice published in the local newspaper. At each focus group session, general issues related to the housing market, neighborhoods and concerns pertaining to fair housing choice in Tempe were discussed. The Focus Group sessions were hosted by the City of Tempe.

It should be noted that the comments summarized in this section represent the comments and views of the focus group participants and those participating in supplemental interviews. JQUAD has made every effort to document all comments as a matter of record, and to ensure that the comments, as presented on the following pages, have not been altered to reflect our analysis, investigation or substantiation of information obtained during these sessions. Focus Group comments and information obtained during interviews were later

analyzed and to the extent substantiated or collaborated by the data and analysis, included in Section Six: Impediments and Remedial Actions. Comments from Focus Group participants included the following.

3.1. Focus Group Concerns and Comments

Social-Economic Conditions

Social-economic issues were of major concern to participants in the focus group sessions as well as those persons participating in the supplemental interviews. Frequently mentioned in the focus group sessions and interviews was the perception that lower income persons and seniors were particularly impacted as the supply of affordable housing in good condition becomes scarce and the cost to purchase homes or to rent housing continues to soar beyond the range affordable to many local area residents. Others believed the number of persons lacking sufficient income for housing and housing related cost was on the rise, severely impacting housing choice for the lowest income households. Participants indicated that insufficient income and cost burden is not only a concern with regard to social equity and the plight of the elderly and lower income households, but limited incomes are also having an adverse impact on the condition and quality of single family owner occupied housing due to deferred maintenance and residents inability to afford maintenance and utility cost. The impact of local unemployment, insufficient incomes to afford housing maintenance and their mortgage payments for persons living in the Tempe market were also cited as contributing factors to housing and neighborhood decline.

Focus group participants wanted to have a greater emphasis placed on financial assistance to acquire housing suitable to meet the needs of the evolving demographics in the city and specific problems faced by residents and the working poor relative to foreclosure and elderly residents on fixed incomes. Participants also felt that increased housing counseling-both pre-purchase and

post purchase support was needed to help applicants qualify for financing and to remain current with mortgage payments and home maintenance needs. Increased funding should be identified to provide rental assistance to those needing assistance with rent and utilities and security deposits necessary to initiate a lease. Homebuyers will need assistance with providing greater down payments and equity investments when buying a home, to replace the loss of private mortgage insurance. Participants emphasized the need for increased funding for project based rental assistance due to limitations in funding and long waiting list for the Section 8 Vouchers program.

Housing Supply, Neighborhood Conditions, and Infrastructure and Regulatory Controls

Participants' desired greater emphasis is placed on building codes and regulatory controls being utilized to improve housing conditions, cost and accessibility. Participants recommended incorporating energy efficiency and green building standards in construction of affordable housing; the need for infrastructure to support new housing development and funding for emergency repair and substantial renovation of owner occupied housing.

Decreased funding for entitlement funded programs and public housing were also viewed as primary barriers to affordable housing. Limited local funding for infrastructure and regulatory programs such as code enforcement and demolition were also cited as barriers.

Public Policy and Public Awareness of Fair Housing

Participants cited public awareness of fair housing rights as a concern. They felt that despite fair housing education, training and outreach programs funded by the city, some residents appear to be unaware of their rights under fair housing law and that the number of violations reported and cases substantiated may be much lower than the number of violations actually occurring. Others felt that

residents often fear retaliation by those who violate the laws. For example, attendees and persons interviewed felt that in some instances, people do not register fair housing complaints for fear of retaliation by their landlords, or if they report violations such as housing code, enforcement will result in higher rents or evictions actions by their landlords.

Participants also felt that residents needed increased access to homebuyer education and counseling when considering purchase of a home and rental housing and tenant's rights counseling and advocacy for renters. They were concerned that first-time home buyers often do not know where to go for help or how to start the process of purchasing a home. Others cited housing barriers faced by the "untouchables", persons such as ex-offenders, convicted sex offenders and others recently discharged from the criminal justice system.

Access to Banking and Financial Institutions Products, and Basic Goods and Services

Predatory lending practices were identified as an issue. Perception were that predatory lenders are absorbing much of the market formerly controlled by FDIC insured banks and other reputable financial institutions and fast becoming lenders of choice in some low income and minority concentrated areas. In other instances, persons facing economic hardships are being preyed upon due to their inability to qualify for traditional lending and banking services. For example, predatory businesses provide individuals with loans backed by the title to their car or house at relatively high interest rates. Lenders are quick to foreclose in the event the borrower misses a payment. Attendees and persons interviewed were concerned that a growing number of people have fallen prey to sub prime loans because they have a poor credit rating or limited to no credit history.

Lending, Foreclosures and the Mortgage Industry

The inability to obtain home mortgages was seen as a barrier that limits housing choice. Criminal background histories and immigration status are relatively new factors contributing to the inability to qualify for home purchases and rental housing leases. Credit issues appeared to be the major barrier, based on focus group participants' comments. Both a lack of qualified applicants and an adequate pool of applicants for mortgages, coupled with the inability of some housing units to qualify based on lending program guidelines were cited as barriers. Participants felt that greater emphasis should be placed on credit counseling and financial literacy being accessible to a broader population including youth and young adults age eighteen to thirty. Greater emphasis should be given to preventing damage to one's credit history and providing a solid foundation that could prevent future financial problems. Persons with a criminal felony record and those convicted of sex crimes are having particular problems finding housing to rent as well as qualifying for mortgages.

Special Needs Housing

Participants were concerned that greater funding be provided for the elderly to age in place, and to provide housing for others in need of special needs housing. Participants cited statistics relative to the growth expected in the elderly population over the next decade which will elevate this problem. Without such funding elderly and disabled persons are sometimes placed in nursing homes prematurely, even though they could otherwise continue to live on their own with some limited assistance or ADA accessibility modifications where they currently reside. Participants were also concerned that limited options exist for persons in need of transitional housing whether they be recently paroled, victims of domestic violence, mentally ill, physically handicapped, and homeless or at risk of becoming homeless. Others cited a need for more permanent supportive housing. Other participants asked that CDBG funding be provided to support the operational cost of providing meals on wheels and operation of the food pantry.

Public Transportation and Mobility

Participants cited limited mobility and public transportation as impediments to housing choice. These limitations also included a concern for elderly and disabled persons in need of public transportation to access supportive services. Public transportation was deemed an issue for some persons commuting to major employment centers. Others wanted the city to evaluate the use of transits oriented development regulations and incentives to increase affordable housing particularly along 6th Street and routes serving Arizona State University.

3.2. Other Issues and Solutions

Attendees indicated a need for increased emphasis on mitigating the impacts of increased incidents of discrimination or impediments to housing for persons with disabilities, renters with past criminal records or prior convictions for sexual abuse related crimes, those in need of special needs housing or facing evictions, foreclosures and homelessness.

Participants voiced support for a greater emphasis on credit education and housing consumer counseling. Increased financial literacy courses taught in high schools was a best practice identified by the facilitator for the focus group session and well received by participants.

Section 4: Home Mortgage Disclosure Act (HMDA) Analysis

Introduction

The Federal Financial Institutions Examination Council (FFIEC) gathers data on home mortgage activity from the federal agencies that regulate the home mortgage industry. The data contain variables that facilitate analysis of mortgage lending activity, such as race, income, census tract, loan type, and loan purpose. The FFIEC provides the HMDA databases through their website for download and analysis. Data were input into a spreadsheet for analysis. For this analysis, the FFIEC databases were utilized for 2007 through 2012.

The data reported in this report are summarized by a variety of methods. Tables 4.1 through 4.4 provide information for Maricopa County. Charts 4.1 through 4.6 display the data graphically. The maps, provided at the end of this section, present data by census tracts for Maricopa County with Tempe city boundaries shown on the maps.

4.1. Analysis

Table 4.1 provides a look at the number of loan applications and origination rates in Maricopa County by loan type, ethnicity, income, and loan purpose.

Over 1.7 million conventional loan applications were reported in Maricopa County between 2007 and 2012.

Looking first at loan type, conventional loans were the most frequent home loan applications with almost 76 percent of home purchase loan applications, with government-insured home loans (FHA and VA) showing lower origination rates, 42.8 percent compared to 43.8 percent for conventional loans. Over 40 percent of the conventional home loan applications were submitted in the first two years of the study period, 2007 through 2008, as detailed in Table 4.3 and shown in Chart 4.6. In 2007, almost 507,300 applications were recorded, compared to less than 17,400 for government-insured loans. By 2009 conventional applications had dropped to about 166,000, still somewhat higher than the

number of government-insured applications reported at 104,894. Conventional applications continued to fall through 2011 to just over 124,800 applications. Government-insured loan applications peaked in 2009.

The second section of Table 4.1 reports number of loan applications and origination rates by ethnicity. The

The White origination rate for all loans during the period from 2007 through 2012 was 50 percent.

largest number of applications was from White applicants with almost 1.3 million, with the highest origination rate at 50 percent. The second largest number of applications was from Hispanic applicants at over 234,700 applications. Hispanic origination rates were significantly lower than Whites at 38.8 percent. Black applications numbered 39,777 with origination rates at 39.9 percent. Comparing origination rates by ethnicity by applicant income in Chart 4.2 shows much higher origination rates for White applicants within all income groups when compared to all other ethnicities except Asians. Asians had the second highest overall origination rate and highest in the middle- and high-income categories. In the lower income categories they were exceeded only by White applicants. Asians had a relatively low number of loan applications, however, at fewer than 56,000 applications. Hispanic applicants, the second highest number of applications reported, showed significantly lower origination rates, even when comparing very low-income White applicants to upper-income Hispanic applicants. Upper-income Hispanic origination rates were about 40 percent, compared to the low-income White origination rate of about 45 percent.

The third section of Table 4.1 shows the distribution of loan applications by applicant income. The largest number

High- and low-income applicants had the two largest number of applications by income group.

of applications reported was from high-income applicants with over 749,000 applications and an origination rate at 48.9 percent. The next largest number was from low-income applicants with almost 285,500 applications and an origination rate of 44.7 percent. Not surprisingly, the table shows that each

successive higher income group had a higher origination rate than the previous income group.

The last section of Table 4.1 shows loan applications and origination rates by loan purpose. The most loan

There were over 949,000 refinance loan applications submitted during the study period.

applications were for refinance loans at 949,712, compared to over 745,628 for home purchase loans and just over 70,800 for home improvement loans. Home purchase loans had the highest origination rate at 45.0 percent, compared to 43.2 percent for refinance loans and 32.0 percent for home improvement loans. These data are reflected in Chart 4.1.

Table 4.2 displays the HMDA data for the same data categories (Loan Type, Ethnicity, Income, and Loan Purpose) for the MSA with percentages taken within category rather than demonstrating the percentage of applications that result in loan originations. For instance, Table 4.2 indicates that 76.1 percent of originations for the MSA were for conventional loans whereas the origination rate is 43.8 percent from Table 4.1. For comparison, ethnic percentages were included under the “Percent of Population” column to compare the percentage of originations by ethnic group to their percentage in the population for that geography.

For Loan Type, “Conventional” shows the highest percentages, at about 76 percent. Government-insured loans,

Over 76 percent of home loan originations were for conventional loans.

which are government insured and have more stringent lending criteria, were approximately 24 percent of the originations. Referring back to Table 4.1, government insured loans had a slightly lower origination rate than conventional, at about 43 percent for government insured versus 44 percent for conventional.

In Maricopa County, for Ethnicity, “White” shows the highest percentage of originations at about 73 percent of

Whites accounted for almost 73 percent of all loan originations during the study period.

the total. The percentage of originations is about equal the percentage of Whites in the population, though census data show Hispanics as White when looking at race, so the non-Hispanic White population is somewhat less than 72 percent. Hispanics account for 21 percent of the population, compared to 10.6 percent of loan originations. African-American applicants accounted for 3.2 percent of all originations, with 5.9 percent of the total population. This is likely a reflection of the reality that Hispanics and African-Americans are more likely to fall within lower-income groups and, therefore, less likely to qualify for mortgage financing. For Income, the highest income group (>120% median) displays the highest percentage of originations, over 47 percent of all originations. It stands to reason that the highest income group would have the greatest success in being approved for loans. Loan Purpose data show that refinance loans accounted for about 53 percent of the originations. Home purchase loans were the second most frequent purpose with over 43 percent. Home improvement loans accounted for almost three percent of all originations.

Table 4.3 examines origination rates, total number of applications, and denials, all by years and loan types. The changes in the housing market over the

Conventional loan applications submitted dropped from a high of over 507,200 in 2007 to just over 124,800 in 2011.

study period show up in some interesting patterns. The most noticeable change over the six years shown is the steep decline in conventional loan applications from a high of over 507,200 in 2007 down to a low of just over 124,800 in 2011. Refinance loan applications also show a steady decline from 2007, falling from a high in 2007 of over 286,000 applications to less than 82,200 applications in 2011. Government-insured loans were the only category to have an increase over the six-year period, starting at 16,382 applications in 2007 and peaking in 2009 at about 104,900 applications. Government loan applications fell back to

less than 70,000 applications by 2011, but rose to almost 80,000 again in 2012. These data are shown in Chart 4.6

Origination rates for conventional loans rose during the six years of the study period, starting at about 36 percent,

Origination rates for government-insured applications peaked at over 45 percent in 2012.

and peaking in 2012 at a high of almost 59 percent. Government-insured origination rates peaked at 45.6 percent in 2012, but had a smaller peak in 2009 at 42.6 percent before falling to a low of 41.6 percent in 2011. Refinance origination rates rose from a low of 33 percent in 2008 to a high of 59 percent in 2012. Home improvement origination rates also rose from the six year period low of 25 percent in 2009 to over 50 percent in 2012. These data are shown in Chart 4.5.

The total number of denials showed fairly consistent decline through the six-

Collateral was the largest category for loan denials.

year period for conventional, refinance, and home improvement loans. These data reflect the decline in total number of loan applications during the study period. Government-insured loan application denials peaked in 2008. These data are shown in Charts 4.3 and 4.4. Chart 4.4 shows that the reasons for loan denials were primarily due to lack of collateral and debt-to-income ratio, with "Other" coming in a somewhat distant third. Credit history was a significant factor in 2007, but fell in significance during the following years.

Table 4.4 compares applications reported between minorities and White applicants for the various loan purposes and income groups. For all three loan purposes shown (Purchase,

The percentage of applications received from Whites was larger than those received from minorities for home purchase loans, refinance, and home improvement loans.

Refinance and Home Improvement), the number of loan applications from White applicants was higher than from Minorities. For home purchase loans, the

percentage of applications from Whites was over 63 percent and 19 percent for minorities. White applicants for home improvement loans represented about 63 percent of applications. Refinance loans reported 66 percent submitted by Whites. As shown earlier, Whites account for about 73 percent of the population of the county, less those Hispanics reporting White as race in the census.

Looking at the income group comparison, similar patterns hold up for all income categories. The percentage of applications from Whites is highest for all of the income categories. The percentage peaks at about 23 percent minority for the very low- and low-income groups. Not surprisingly, denials were highest for the very low-income group, for minorities, Whites, and not provided, as well. The high-income group also had the most applications, with the low-income group second.

Map 4.2 through 4.7 present loan activities by census tract. The ratio of denials to originations was calculated for each loan purpose and loan type. Tracts shown in the darkest shades indicate those areas where denials

The maps show applications and the ratio of denials to originations with the darkest shaded areas showing where the least activity is located or where the least success in originating loans occurs.

were highest in comparison to originations. Map 4.7 shows the ratio for all loan types combined. The ratio for the least successful areas, those in the darkest shades in each map, represent those areas where more loans were denied for each loan originated. Lighter shaded areas have more successful loan applicants.

Map 4.1 shows the total number of loan originations by census tract. Less active areas are shown in the darker colors, with the most active areas in lighter colors. Like the other maps, the dark areas are meant to indicate areas of concern, either for a lack of loan activity or for their low rate of application originations in relation to denials.

4.2. Conclusions

In Maricopa County, the least success in borrowing was found in the home improvement loan sector, given the number of applications submitted, and the highest success was found in home purchase loan sector, particularly in conventional loans. Refinance loans were the most frequent loan type.

Overall, the origination rates among Whites were higher than minorities in home purchase, home Improvement and refinance loans in the County. Though, Hispanics accounted for the second highest number of applications after Whites, the percentage of loan originations was significantly lower compared to their percentage in population in the county.

Applicants' inadequate collateral or higher debt-to-income ratios accounted for the highest percentage of loan denials among all races and ethnicities, with a significant showing for the 'Credit History' category, particularly in the early years of the study period.

Overall, the lending activity decreased in the middle years of the study due to the impacts of the economic slowdown and the sub-prime lending crises.

Lending activity decreased over the six years of the study period, reflecting the impacts of the economic slowdown and the national housing crisis.

Table 4.1

**Home Mortgage Disclosure Act (HMDA) Analysis
Comparison of Number of Loan Application and Origination Rates
Maricopa County
2007 - 2012**

	Number of Apps.	Orig. Rate
Loan Type:		
Conventional	1,342,235	43.8%
Government-insured	423,914	42.8%
Ethnicity:		
Native	13,047	38.0%
Asian	55,868	49.9%
Black	39,777	39.9%
Hawaiian	6,843	40.8%
White	1,253,594	50.0%
Hispanic	234,763	38.8%
Not Provided	220,653	40.2%
Not Available	176,367	1.3%
Income:		
<50% median (very low)	124,904	42.2%
50-79% median (low)	285,464	44.7%
80-99% median (moderate)	193,925	45.0%
100-120% median (middle)	195,772	45.3%
>120% median (high)	749,594	48.9%
Not Available	242,684	23.8%
Loan Purpose:		
Purchase	745,628	45.0%
Refinance	949,712	43.2%
Home Improvement	70,809	32.0%
Totals	1,766,149	43.5%

Table 4.2

**Home Mortgage Disclosure Act (HMDA) Analysis
Comparison of Originations Within Categories
Maricopa County
2007 - 2012**

	Number of Originations	Percent of Originations	Percent of Population
Loan Type:			
Conventional	578,243	76.1%	
Government-insured	181,566	23.9%	
Ethnicity:			
Native	4,960	0.6%	2.9%
Asian	27,891	3.2%	5.7%
Black	15,865	1.8%	5.9%
Hawaiian	2,791	0.3%	0.4%
White	626,184	72.8%	72.6%
Hispanic	91,130	10.6%	21.1%
Not Provided	88,781	10.3%	
Not Available	2,337	0.3%	
Income:			
<50% median (very low)	52,711	6.9%	
50-79% median (low)	127,579	16.6%	
80-99% median (moderate)	87,190	11.3%	
100-120% median (middle)	76,891	10.0%	
>120% median (high)	366,795	47.7%	
Not Available	57,643	7.5%	
Loan Purpose:			
Purchase	335,769	43.7%	
Refinance	410,378	53.3%	
Home Improvement	22,662	2.9%	
Totals	759,809		

Table 4.3

**Analysis of Home Mortgage Disclosure Act Data, 2007-2012
Applications, Originations, and Denials by Year and Loan Type
Maricopa County**

Origination Rates

Year	Conventional	Government	Refinance	Home Improvement
2007	36.4%	41.7%	34.0%	34.5%
2008	36.9%	42.4%	33.2%	28.6%
2009	43.6%	42.6%	42.5%	25.3%
2010	50.7%	42.1%	49.0%	27.7%
2011	51.1%	41.6%	50.0%	34.5%
2012	58.9%	45.6%	58.9%	50.2%

Total Number of Applications

Year	Conventional	Government	Refinance	Home Improvement
2007	507,268	16,382	286,267	38,711
2008	197,760	66,126	140,623	14,517
2009	166,305	104,894	146,539	5,847
2010	128,602	86,693	103,415	3,545
2011	124,855	69,902	82,148	3,591
2012	214,445	79,917	190,720	4,598

Denials by Year by Loan Type

Year	Conventional	Government	Refinance	Home Improvement
2007	108,611	2,403	71,220	14,212
2008	52,771	11,117	43,667	6,236
2009	28,924	10,792	26,862	2,089
2010	20,659	8,195	17,600	1,694
2011	18,182	6,094	14,169	1,670
2012	27,384	6,947	24,119	2,044

Table 4.4

**Analysis of Home Mortgage Disclosure Act Data
Activity for Maricopa County, 2007-2012**

	# Apps.	% of Apps.	% Denied
Home Purchase Loans			
Minorities	141,238	18.9%	19.3%
White	475,524	63.6%	12.4%
Not Provided/NA	130,473	17.5%	7.9%
Home Improvement Loans			
Minorities	16,585	23.2%	59.1%
White	44,849	62.9%	45.0%
Not Provided/NA	9,921	13.9%	48.0%
Refinance Loans			
Minorities	146,017	15.7%	36.7%
White	611,564	65.9%	23.8%
Not Provided/NA	170,069	18.3%	21.2%
Income Groups			
<50% MFI			
Minorities	44,056	23.4%	28.9%
White	97,942	63.8%	23.4%
Not Provided/NA	17,994	12.8%	28.2%
50 to 79% MFI			
Minorities	81,322	23.4%	27.9%
White	221,385	63.8%	19.3%
Not Provided/NA	44,353	12.8%	21.2%
80 to 99% MFI			
Minorities	49,656	21.5%	28.3%
White	149,544	64.8%	19.1%
Not Provided/NA	31,596	13.7%	19.6%
100 to 120% MFI			
Minorities	37,774	19.3%	28.0%
White	129,275	66.0%	18.9%
Not Provided/NA	28,723	14.7%	19.2%
>120% MFI			
Minorities	113,406	14.0%	24.0%
White	565,940	70.0%	17.0%
Not Provided/NA	129,490	16.0%	16.4%

Chart 4.1: Origination Rates by Loan Type by Tract Income

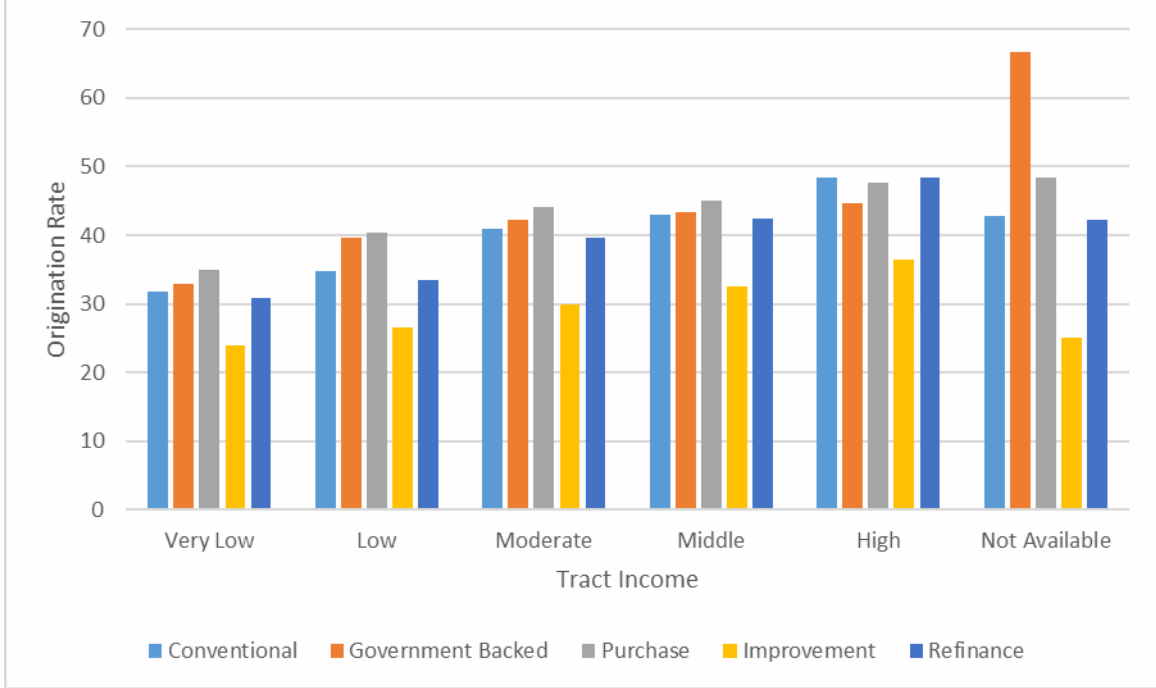


Chart 4.2: Origination Rates by Ethnicity by Applicant Income

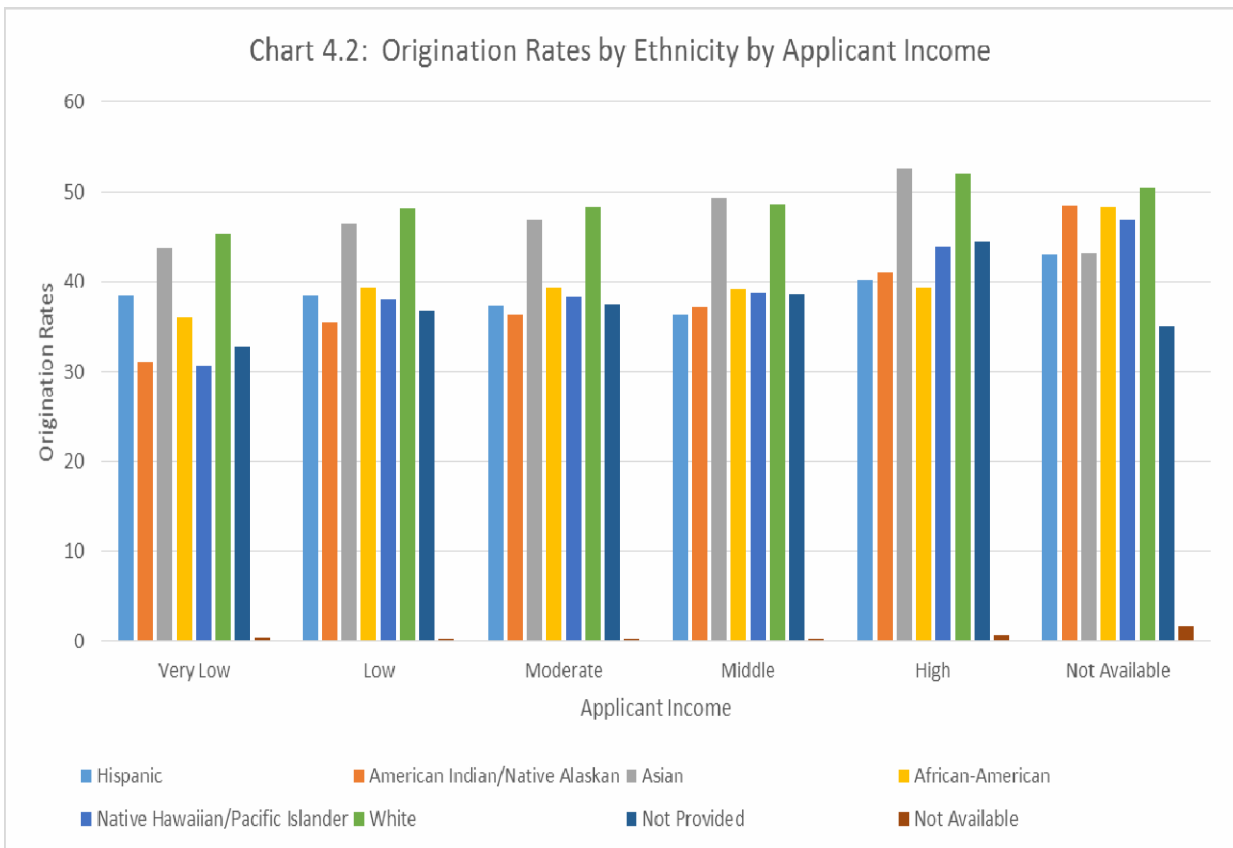


Chart 4.3: Reason for Denial by Year

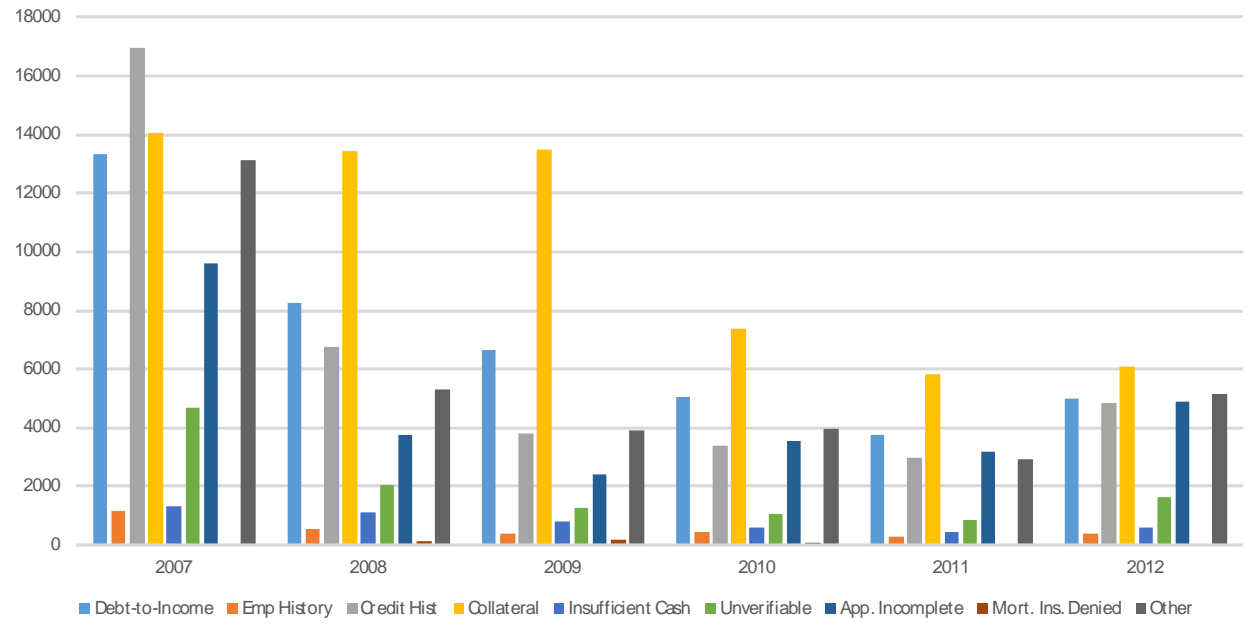
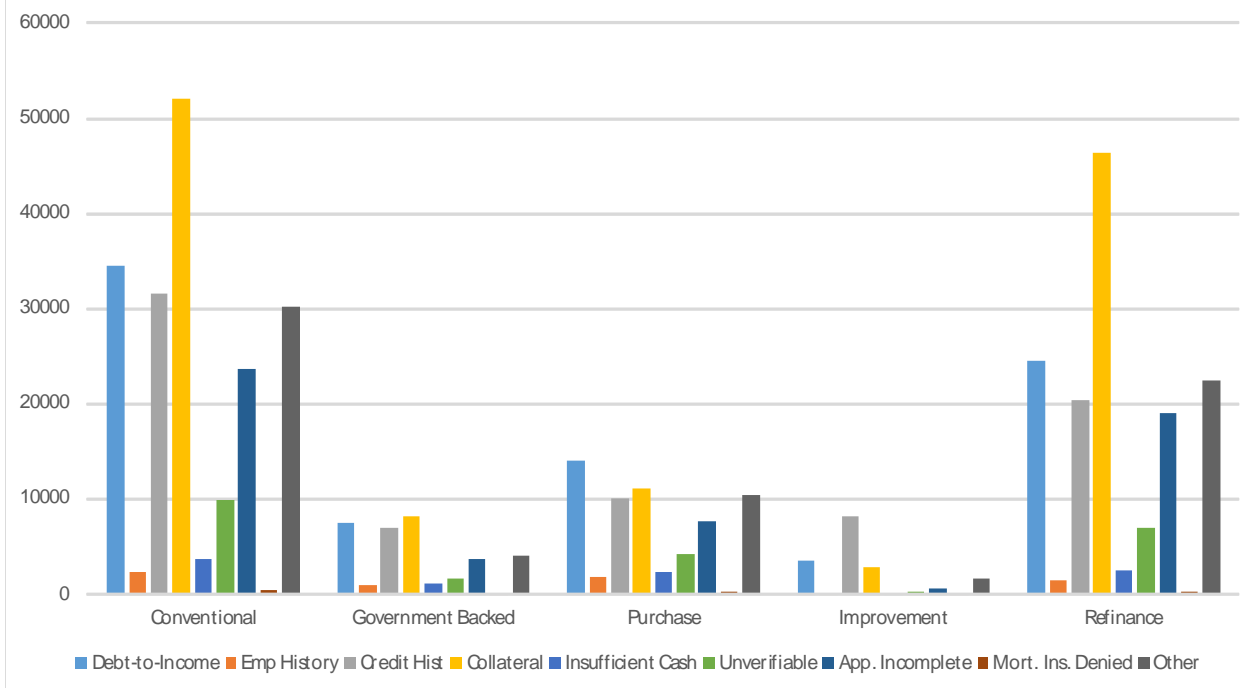
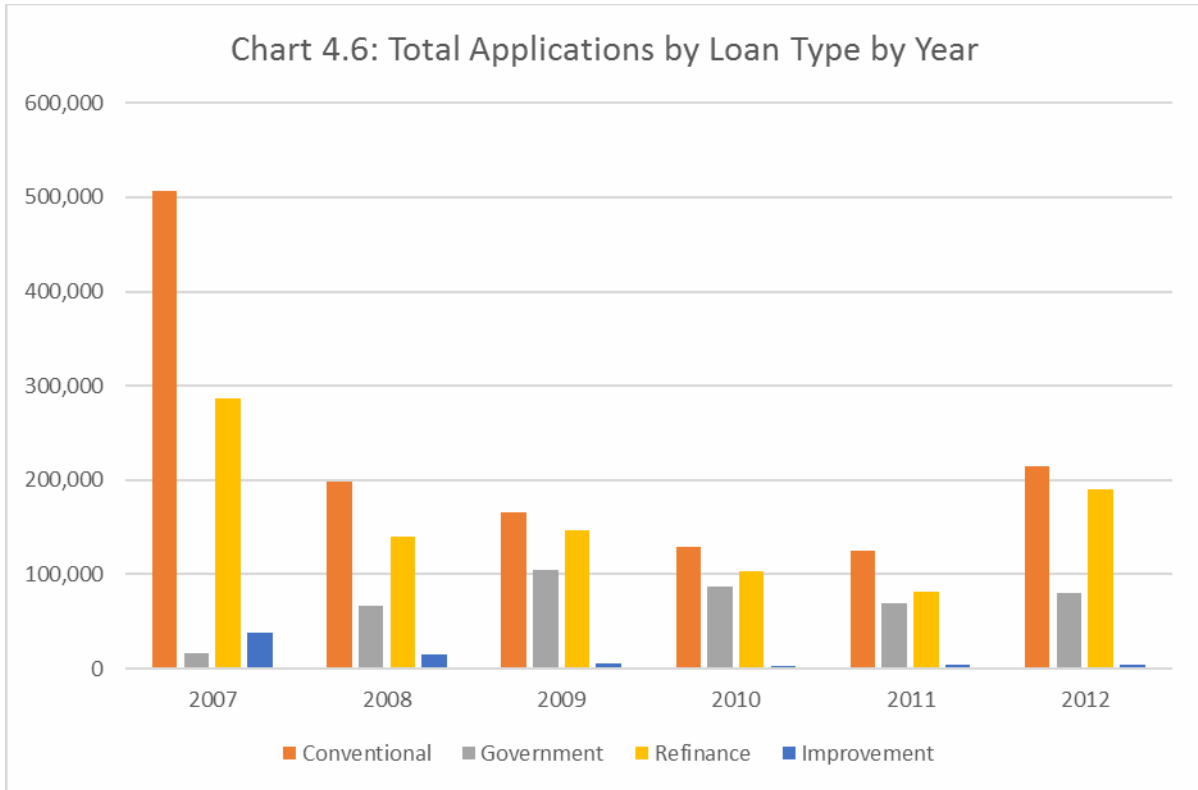
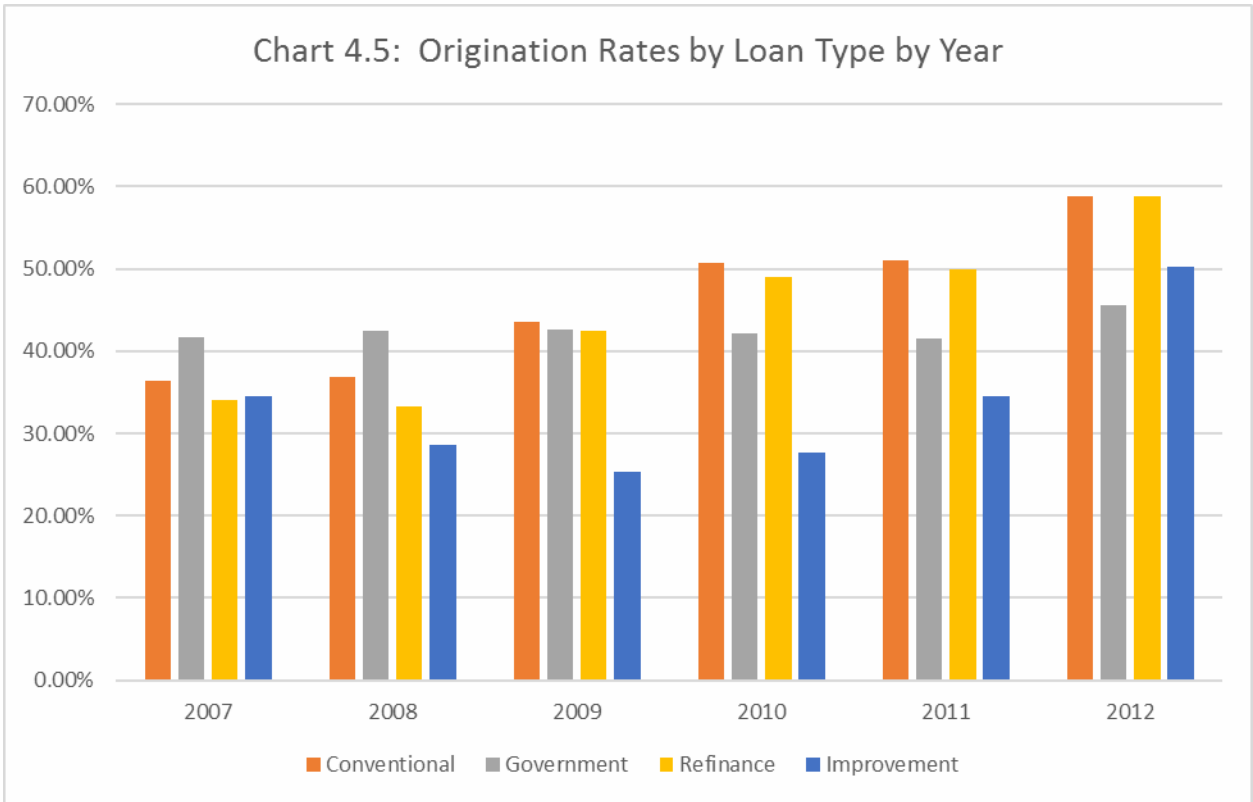
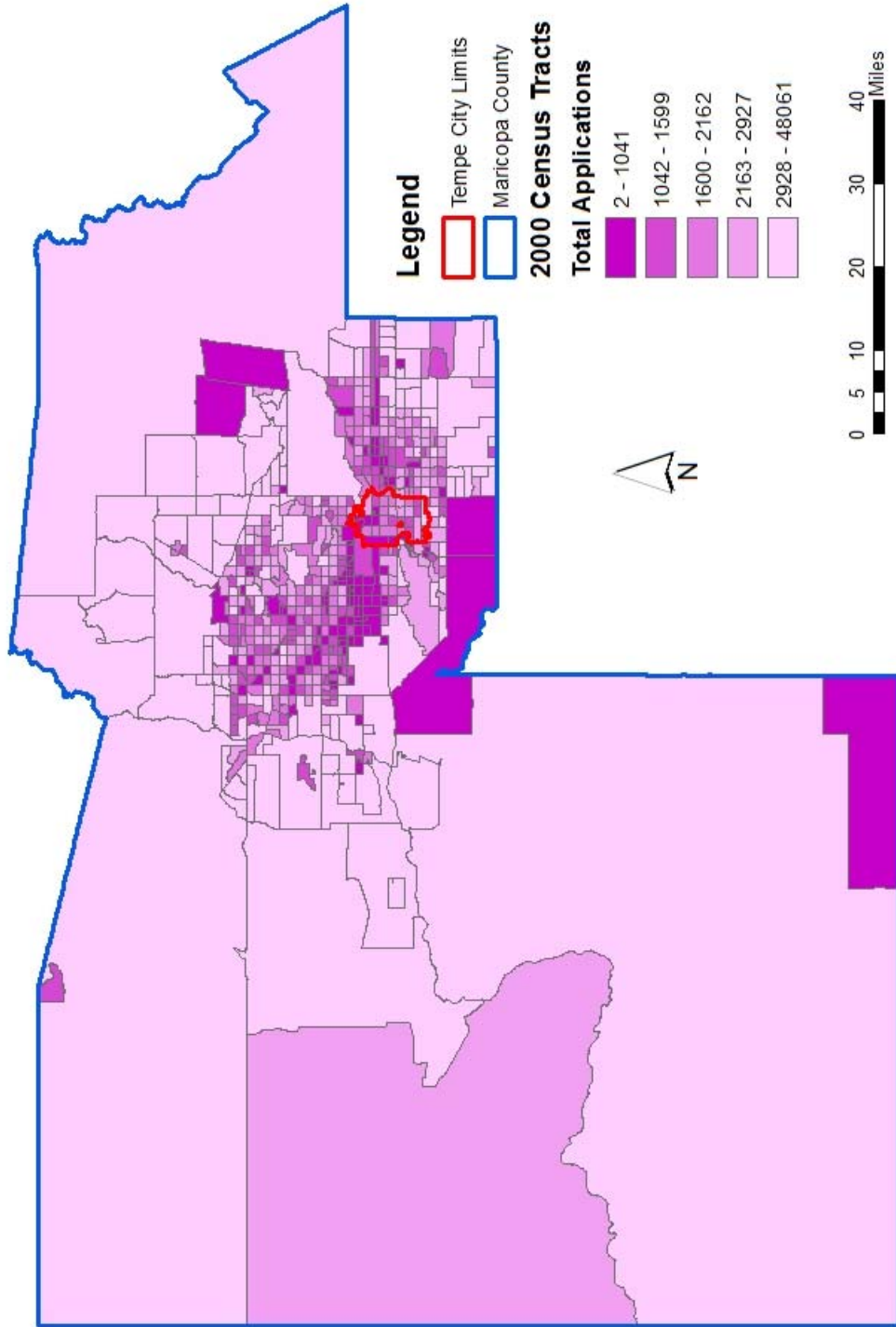


Chart 4.4: Reason for Denial by Loan Type

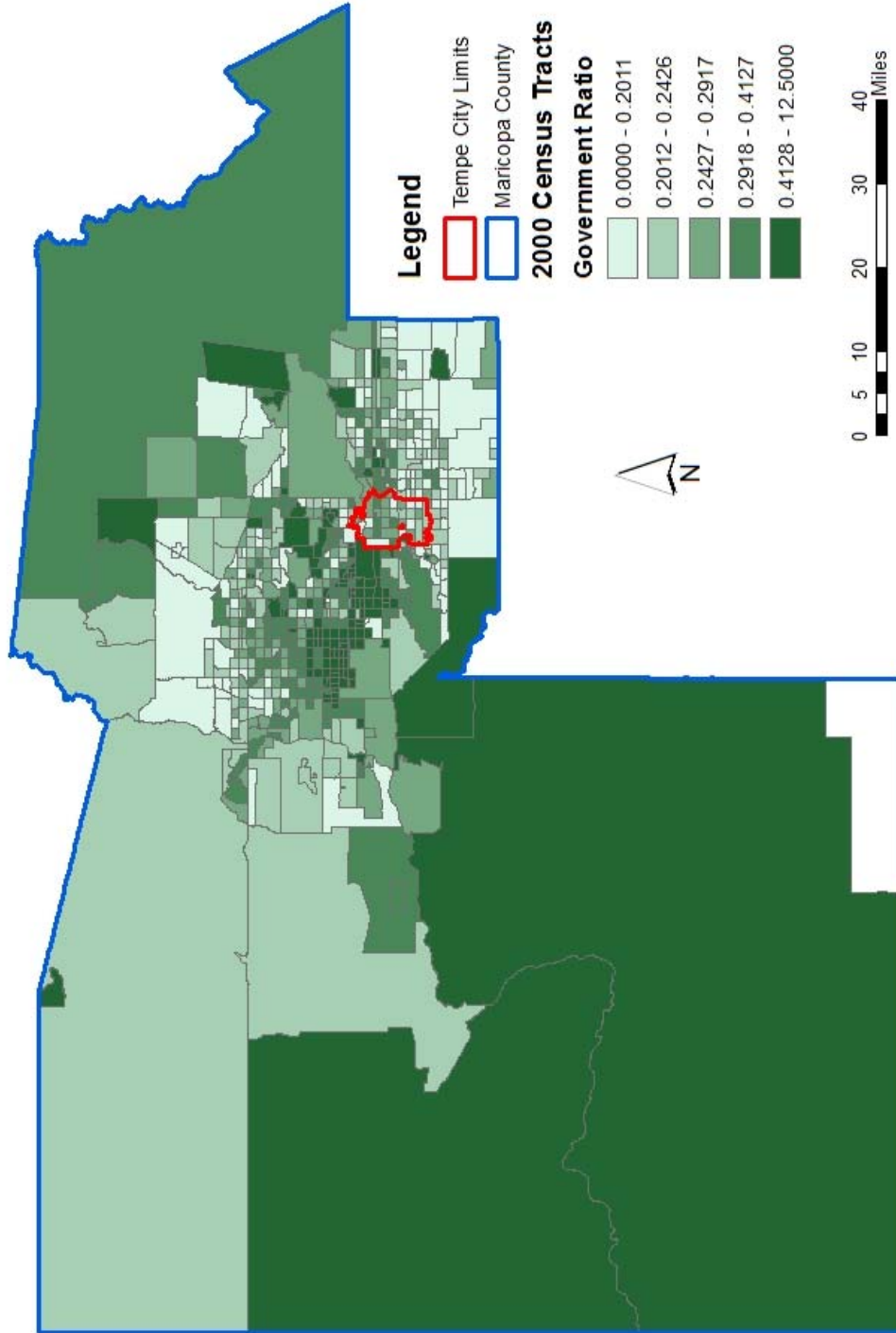




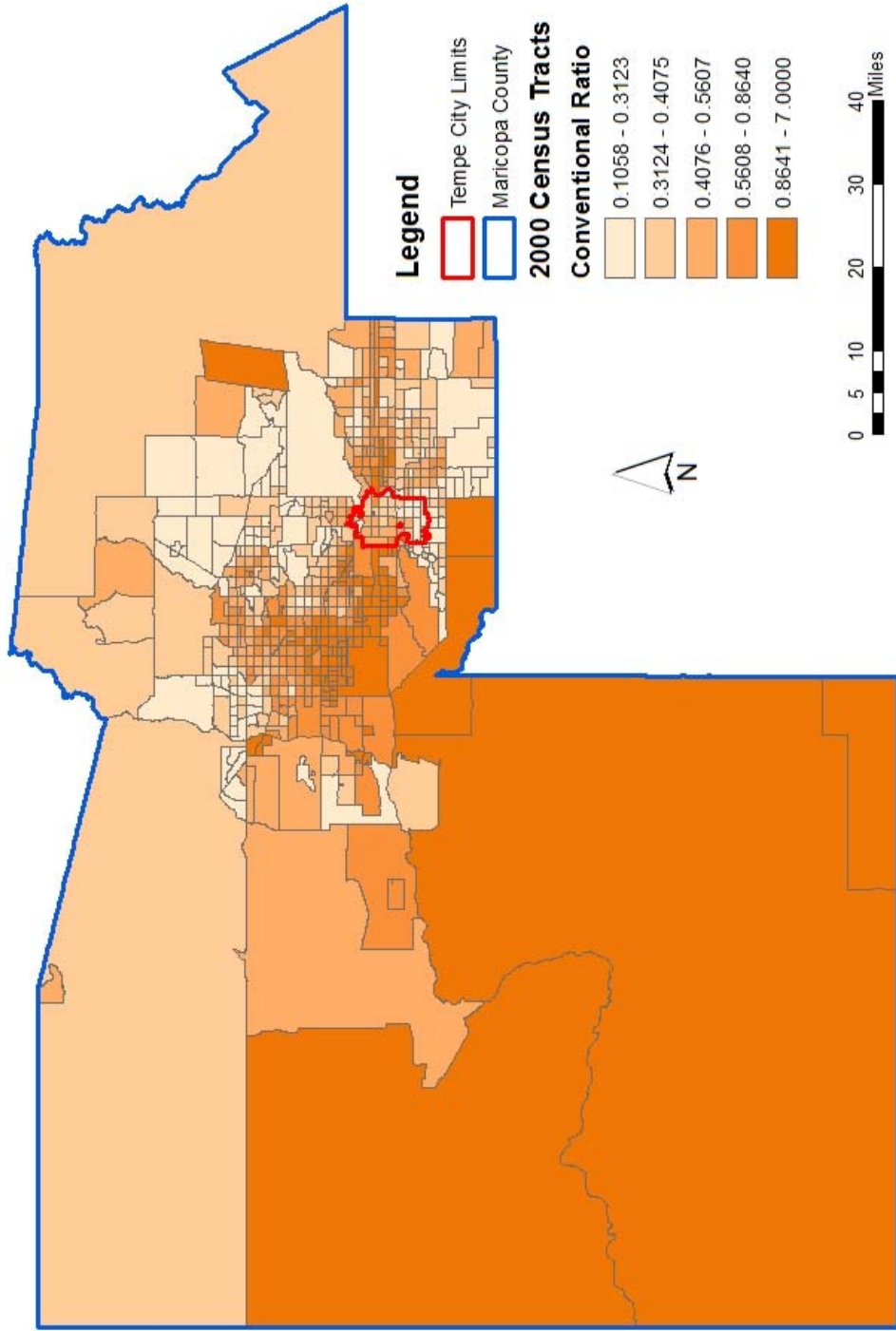
Map 4.1: Total Applications, 2007-2012



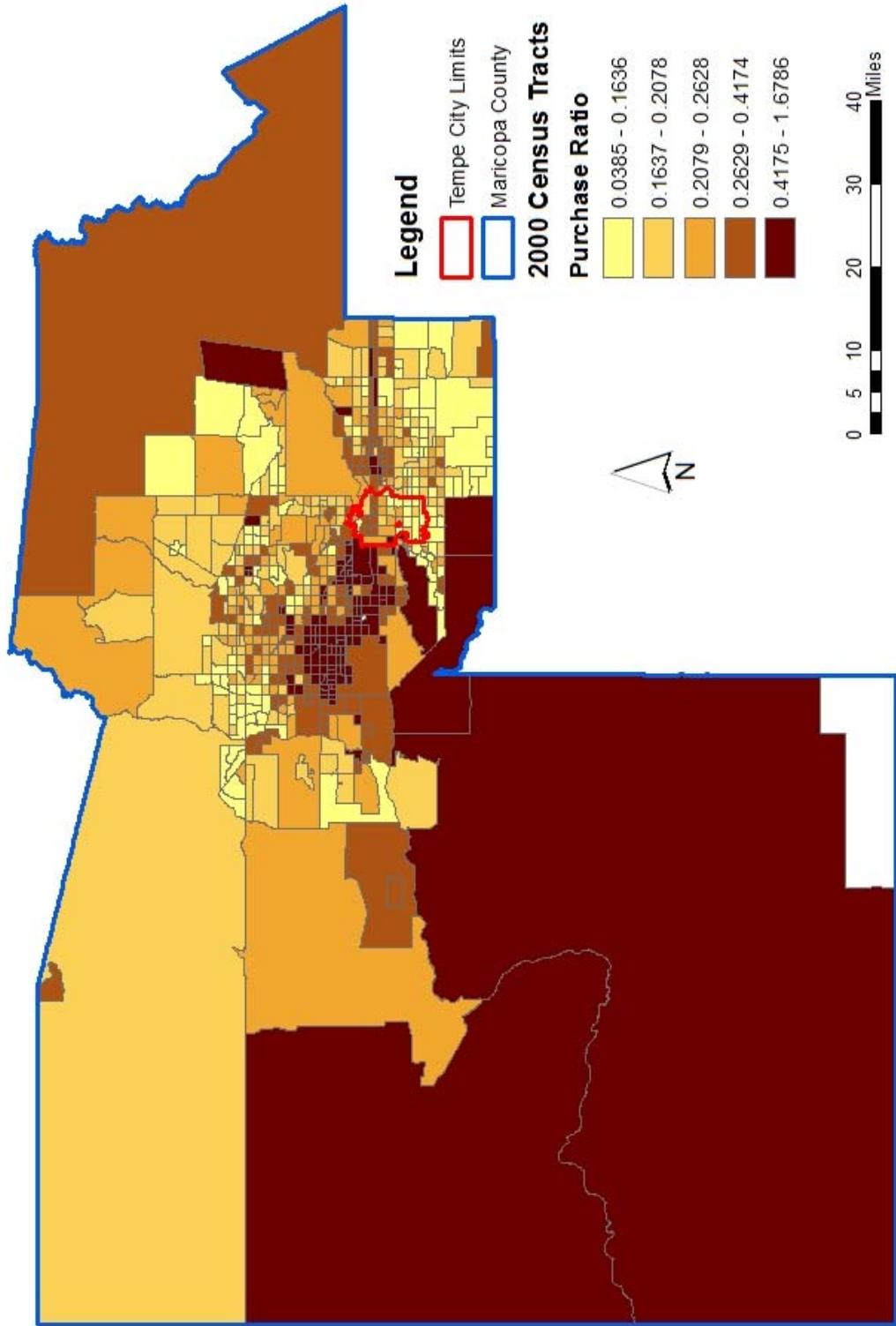
Map 4.2: Government Backed Loans Denials to Originations, 2007-2012



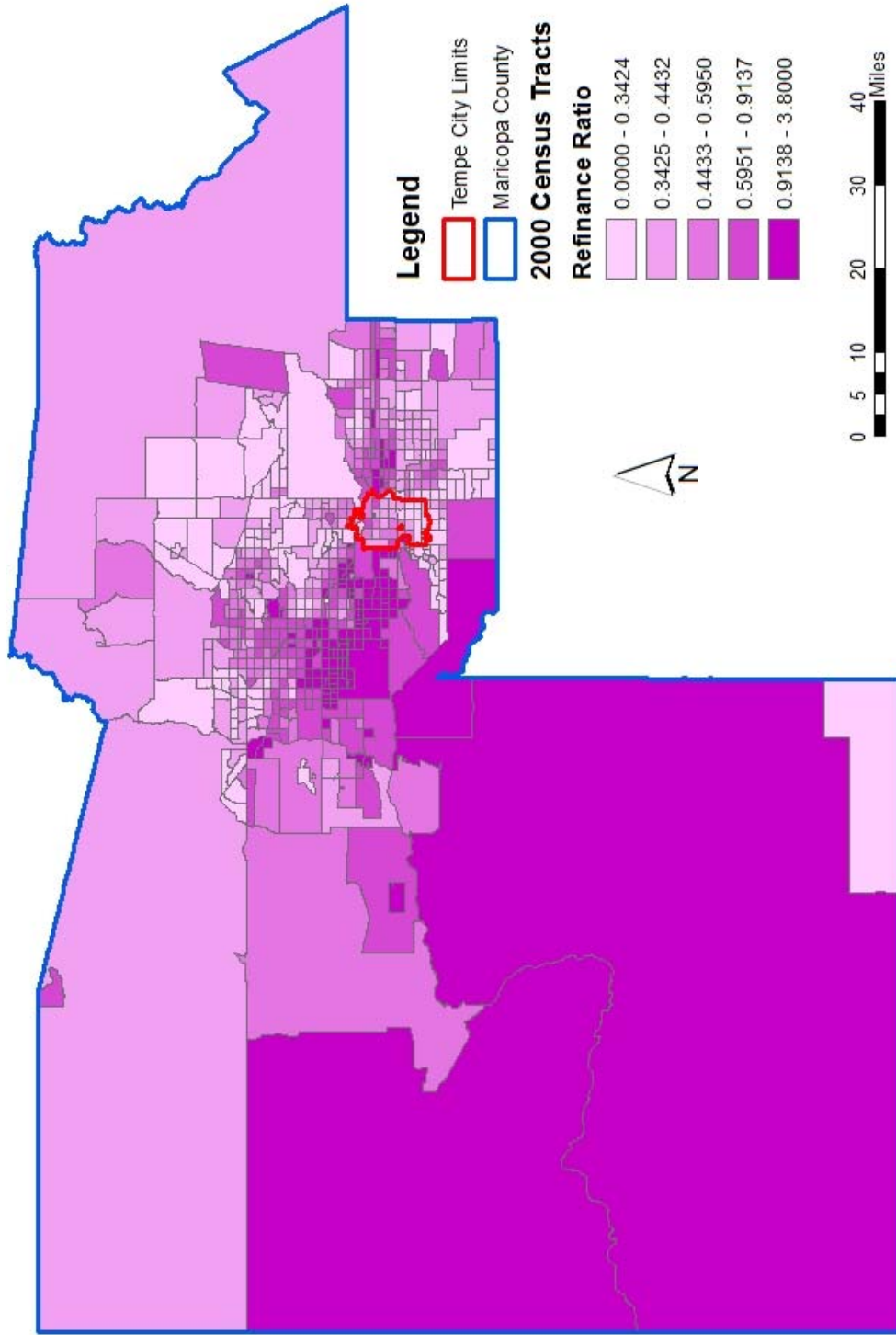
Map 4.3: Conventional Loans Denials to Originations, 2007-2012



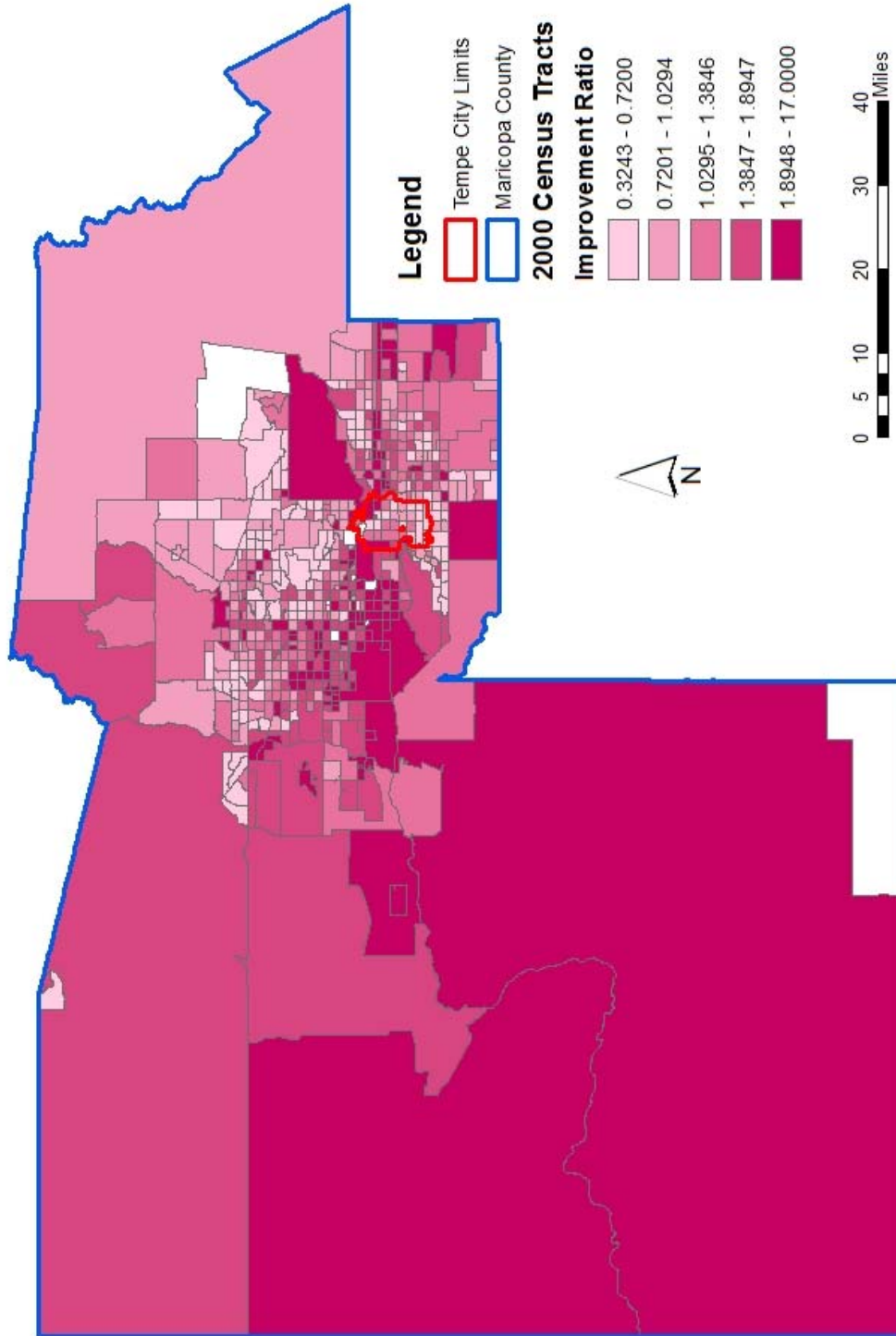
Map 4.4: Purchase Loans Denials to Originations, 2007-2012



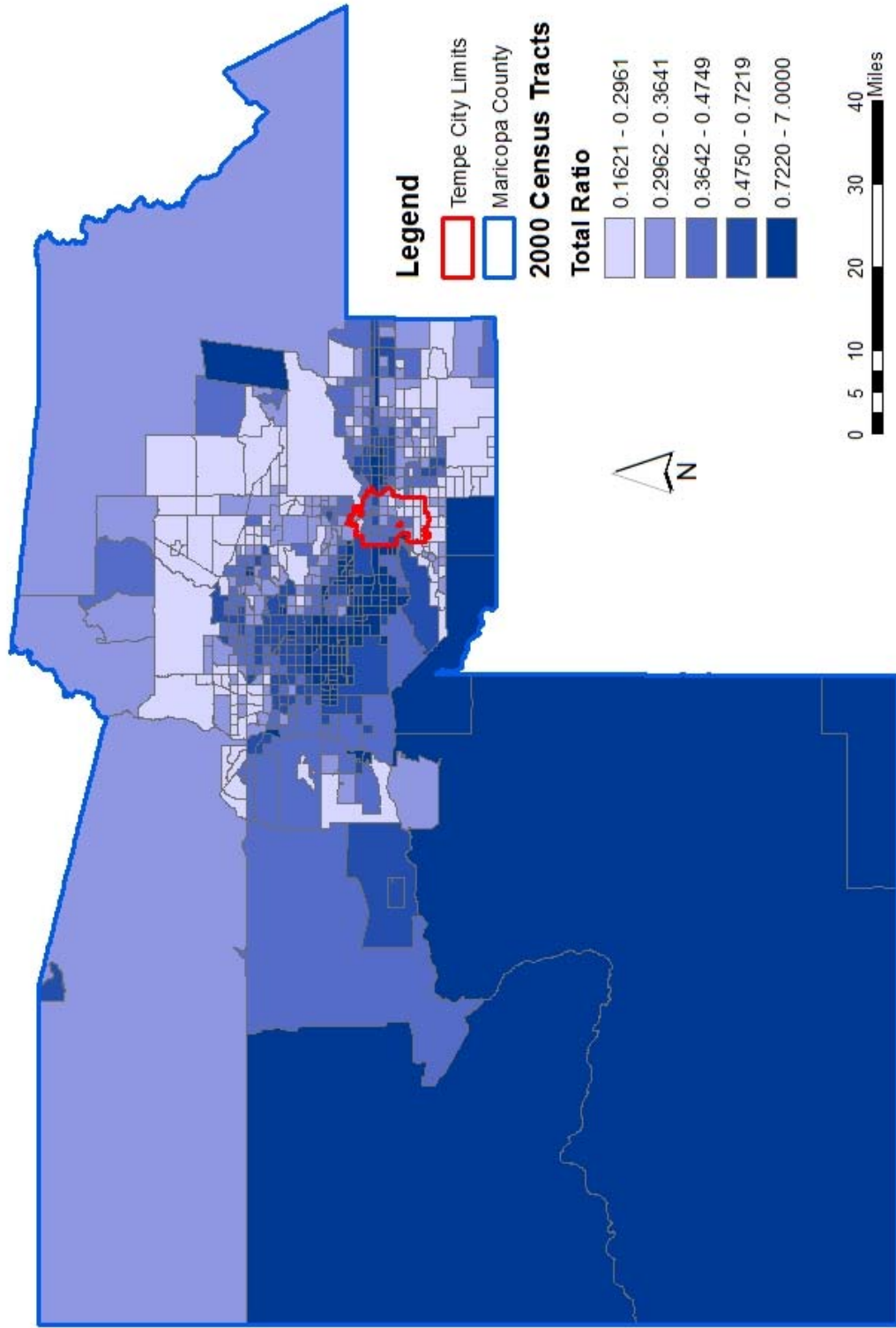
Map 4.5: Refinance Loans Denials to Originations, 2007-2012



Map 4.6: Home Improvement Loans Denials to Originations, 2007-2012



Map 4.7: All Loan Types, Denials to Originations, 2007-2012



Section 5: Fair Housing Index

Introduction

The Fair Housing Index is a measure developed by JQUAD specifically for Analyses of Impediments to Fair Housing. The index combines the effects of several demographic variables with Home Mortgage Disclosure Act (HMDA) data and maps the results by census tract. Data for ten variables, shown in the Fair Housing Index table, are standardized and added to classify the conditions in various census tracts into degree of problems that may cause impediments to fair housing choice. The map provides a general indication of geographic regions within Maricopa County, and the cities within the county, where residents may experience some level of housing discrimination or have problems finding affordable, appropriate housing. From a social equity perspective, the index serves to quantify the extent to which sub-populations within a given geography suffer from a lack of opportunity, which can lead to an unsafe or unhealthy environment, characterized by concentrations of poverty, unemployment, and other demographic indicators. The analysis is highly technical and utilizes advance statistical techniques. Therefore, in addition to the methodology in Section 5.1 below that describes the statistical techniques, Section 5.2 presents the key findings in less technical terms.

5.1. Methodology

Data for ten variables were gathered, by census tract, for analysis. These ten variables were: percent minority, percent female-headed households with children, median housing value, median contract rent, percent of the housing stock constructed prior to 1980, median household income, percent of the population with less than a high school degree, percent of the workforce that is unemployed, percent using public transportation to go to and from work, and the ratio of loan denials to loan originations for 2007 through 2012 from the Home Mortgage Disclosure Act (HMDA) report published by the Federal Financial

Institutions Examination Council. With the exception of the HMDA data, all other data were found in the 2008-2012 American Community Survey (ACS) 5-Year estimates of Population and Housing. Each variable contained data for every census tract in the county as defined by the ACS estimates.

When the database was complete, Pearson correlation coefficients (a statistical measure that indicates the degree to which one variable changes in relation to changes in another variable and ranges in value from -1 to 1) were calculated to assure that all variables displayed a high relationship to each other. It is important, in this type of analysis, that the variables selected are measuring similar aspects of the population. The results of the calculations showed that all variables displayed moderate to high degrees of correlation with other variables in the model, ranging up to 0.7749.

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

When all variables were standardized, the data for each census tract were summed with negative or positive values given to each variable to assure that effects were being combined. For instance, in a fair housing environment, high minority concentrations raise suspicions that there may be problems relative to housing conditions and housing choices in the area based on correlations between these variables found in the census data. Therefore, the percent minority variable would be given a negative value. Conversely, in areas of high

housing values, the current residents are likely not having problems with fair housing choice. High housing value, therefore, would be assigned a positive value. Each variable was considered in this light and assigned an appropriate sign, thus combining effects. This new variable, the total for each census tract, was then standardized as described for the original ten variables above.

The standardized form of the total variable provides a means of identifying individual census tracts where fair housing choice is at high risk due to demographic factors most often associated with housing discrimination. With the data presented in standardized form, the results can be compared to the standard normal distribution, represented by a bell curve with a mean of 0 and a standard deviation of 1. The analysis shows High Risk areas as those census tracts with standard scores below -1.50 . Scores between -1.49 and -1 are designated Moderate Risk areas. Scores between -0.99 and 0 are reported as Low Risk and above 0 as Very Low Risk. The results are summarized in the following section.

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

Included following the map is the correlation table (Table 5.1). MedValue is the median home value according to the 2008-2012 ACS estimates. MedRent is the median contract rent. XMinority is the percent minority. XFemHH is the percent female-headed household. XPre80 is the percent of housing built prior to 1980.

MedHHI is the median household income. XLessHS is the percent of the population 25 years of age and older that has less than a high school degree. XUnemp is the unemployment rate for the population aged 16 and older considered being in the labor force. XPubTrans is the percent utilizing public transportation to get to and from work. TotalRat is the ratio of denials to originations from the HMDA data from 2007 to 2012.

Table 5.2 provides a sense of the disparity between the low and high values for each variable in the analysis (range), along with the median value to provide perspective as to the extent to which that disparity impacts social equity as measured by each variable. The same 10 variables are shown in this table.

5.2. Findings

Looking at the correlation table (Table 5.1), the variable representing the ratio of mortgage loan denials to originations for all loan types between the years of 2007 and 2012 (TotalRat), shows a very high positive correlation to the percentage of the population with less than a high school degree (0.7130) and a moderate negative correlation to the median household income (0.5046). These correlations indicate that in tracts where mortgage applicants have less success when applying for mortgage loans there are markedly higher percentages of persons with low levels of education and lower incomes.

Percentage with less than a high school degree is highly correlated with median housing hold income (-0.6456), median contract rent (-0.5428), median housing value (-0.5275), and female headed households (0.5839). These data show that lower education levels likely live in lower value housing, have lower income, and live in households headed by women.

Median household income is negatively correlated to less than a high school degree (-0.6456) and the unemployment rate (-0.4541), and positively correlated to median housing value (0.7535) and median contract rent (0.7749). These

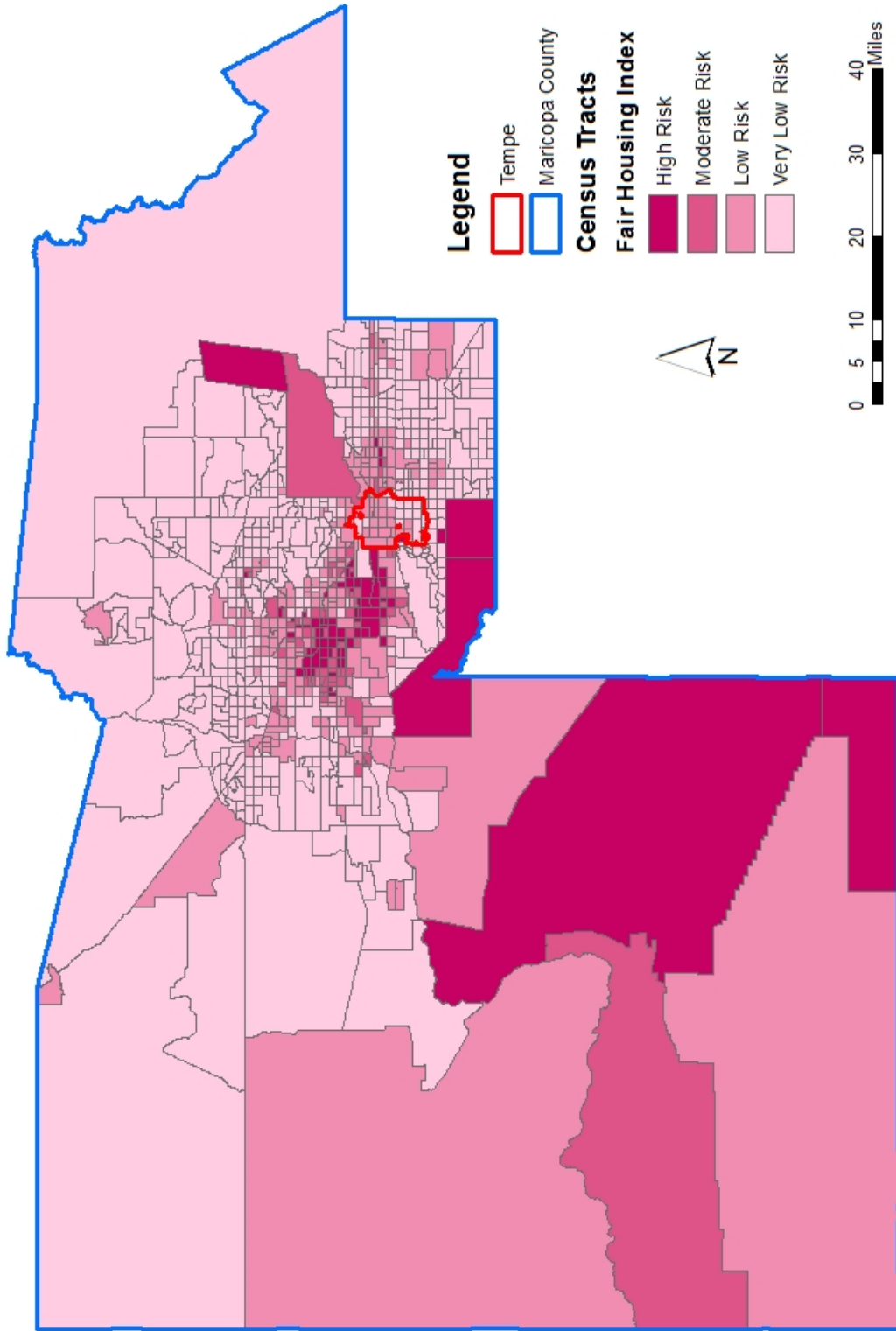
correlations indicate that in tracts with higher median incomes there are lower percentages of persons without high school degrees, fewer unemployed persons, and higher housing values and rents.

Unemployment shows moderate positive correlations with an inability to get mortgages (0.3462) and less than a high school degree (0.4043) and negative correlations to median household income (-0.4541). Not surprisingly, these data indicate that persons without a high school degree are more likely to be among the unemployed and have low household incomes.

As indicated on Maps 5.1 and 5.2, on the following pages, the majority of the census tracts designated as having a High Risk of fair housing related problems are concentrated in Maricopa County to the west of Tempe, with a single tract in Tempe falling into the High Risk category. The largest portion of tracts within Tempe are categorized as low risk, with the rest showing very low risk.

These areas of greatest concern in Maricopa County contain the housing stock most likely experiencing a decline in housing conditions, with lower housing values and rents, and are primarily occupied by minority households that have higher percentages of households headed by females with children than that of other census tracts or areas. These areas contain a concentration of lower income groups and lower valued housing stock and rents.

Map 5.1: Fair Housing Index



**Map 5.2: Fair Housing Index
Tempe Only**

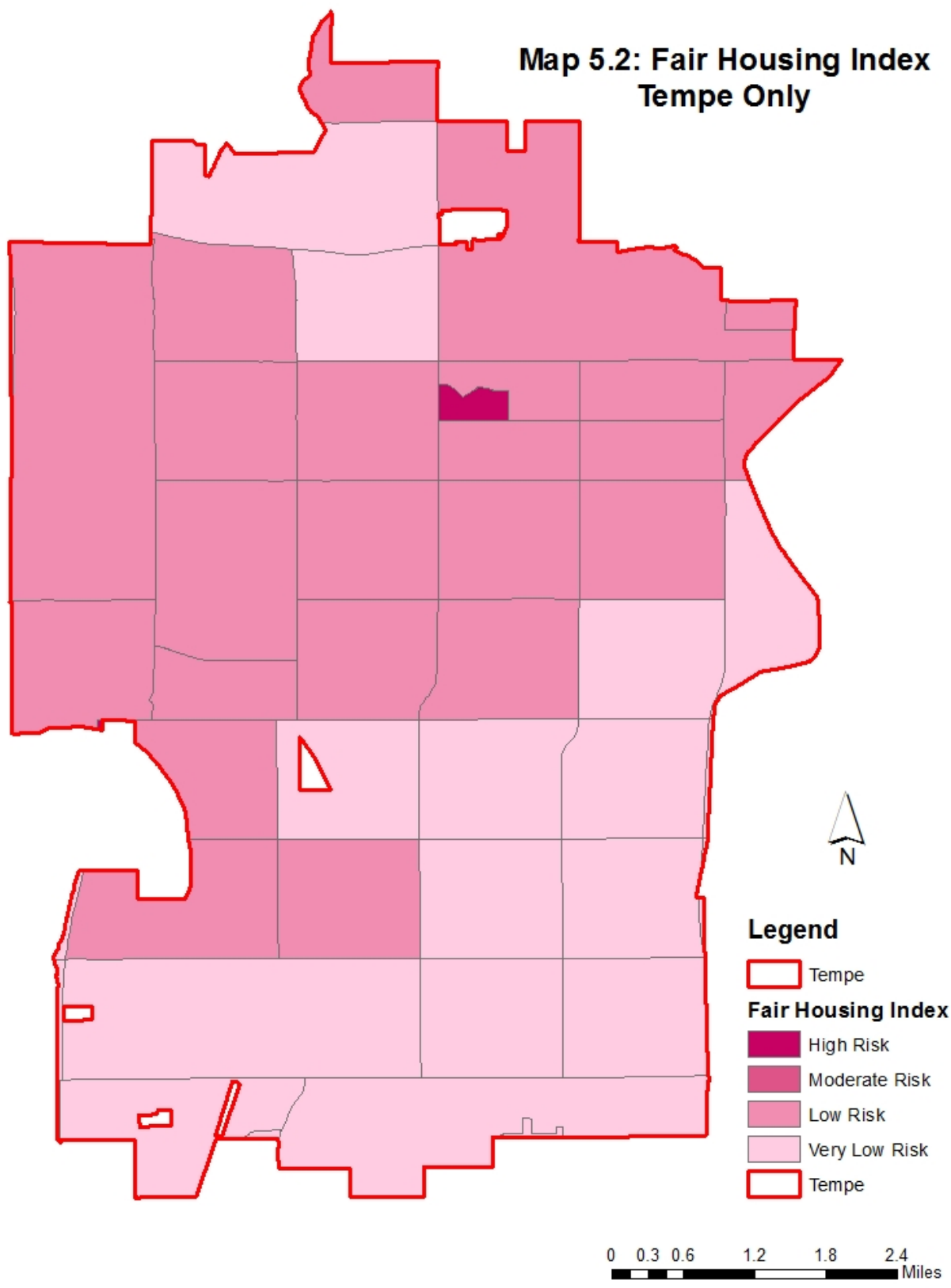


Table 5.1: Correlation Table

	TotalRat	XPubTrans	XLessHS	Xunemp	MedHHI	XPre80	MedRent	MedVal	XMinority	XFemHH
TotalRat	1.0000									
XPubTrans	0.2659	1.0000								
XLessHS	0.7130	0.3317	1.0000							
XUnemp	0.3462	0.3831	0.4043	1.0000						
MedHHI	-0.5046	-0.4325	-0.6456	-0.4541	1.0000					
XPre80	0.4038	0.4103	0.4964	0.3212	-0.4939	1.0000				
MedRent	-0.4408	-0.3954	-0.5428	-0.4026	0.7749	-0.4324	1.0000			
MedVal	-0.3988	-0.2553	-0.5275	-0.3336	0.7535	-0.2662	0.6074	1.0000		
XMinority	0.3238	0.3222	0.3983	0.2854	-0.3431	0.1003	-0.3476	-0.3644	1.0000	
XFemHH	0.4998	0.2408	0.5839	0.3750	-0.4425	0.1975	-0.4303	-0.4175	0.4924	1.0000
TotalRat	Ratio of denials to originations for all loan types, 2007-2012.									
XPubTrans	Percent of population taking public transportation to work, ACS2008-2012.									
XLessHS	Percent of population over the age of 25 without a high school degree, ACS2008-2012.									
XUnemp	Percent of the population over the age of 16 in the labor market but unemployed, ACS2008-2012.									
MedHHI	Median household income, ACS2008-2012.									
XPre80	Percent of the housing stock built prior to 1980, ACS2008-2012.									
MedRent	Median contract rent, ACS2008-2012.									
MedVal	Median home value, ACS2008-2012.									
XMinority	Percent of the population with minority status, ACS2008-2012									
XFemHH	Percent of households headed by a female, with children, ACS2008-2012									
	TotalRat	XPubTrans	XLessHS	Xunemp	MedHHI	XPre80	MedRent	MedVal	XMinority	XFemHH
Minimum	0.1621	0.00%	0.00%	0.00%	\$9,579	0.00%	\$131	\$10,000	0.00%	0.00%
Mean	0.5050	2.52%	15.09%	9.44%	\$59,680	35.02%	\$930	\$207,104	18.95%	9.27%
Maximum	7.0000	60.00%	67.80%	100.00%	\$179,306	100.00%	\$2,000	\$1,000,000	100.00%	79.17%
Range	6.8379	60.00%	67.80%	100.00%	\$169,727	100.00%	\$1,869	\$990,000	100.00%	79.17%

Section 6: Impediments and Remedial Actions

Introduction

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

The analysis of impediments is designed to identify and reduce fair housing impediments and disparities and is expected to increase the effectiveness of existing laws. More comprehensively, it offers considerable value in assessing the "determinants or causes" for each fair housing impediment and remedial actions and solutions from a city and regional perspective, as many of the fair housing impediments that are most intractable are not locally restricted and remedial actions are most certainly in need of a diverse group of participants in order to successfully solve or lessen their impact.

This section includes an examination of best practice policies, ordinances, and regulations that affirmatively further fair housing and inform as to alternative approaches to addressing impediments and remedial actions. This includes compiling examples of community development strategies that improve community infrastructure, local housing stock, and increase affordable housing through regulatory and development incentives while maintaining a mix of housing types, incomes and culture. This section identifies gaps between physical infrastructure and housing availability by comparing current status and conditions with recommended infrastructure improvements such as livable wages, job creation, education, and infrastructure improvements needed to support new and renovation of affordable housing, as well as mobility and public transportation.

The Community Profile, Fair Housing Index and Home Mortgage Disclosure Act analyses of this report did not reveal any census tracts as Racial – Ethnic and Poverty Concentrated Areas (RCAP-ECAP) as defined by the U.S. Department of HUD. RCAP-ECAP areas are defined as meeting 3 criteria: census tracts having 3 times the poverty of the MSA; 50 percent or greater racial and ethnic concentrations; and areas impacted by historical concentrations of public and assisted housing. However, the analysis does reveal disparate impacts on minority populations when comparing income, educational attainment, poverty, unemployment, mortgage and housing lending, homeownership and other characteristics to that of Whites. Some area characteristics and physical conditions where minority populations and lower income persons are most likely to find housing affordable, are indicative of the ways in which the economy and housing and neighborhood conditions has suffered as a result of housing market distortions and disinvestment, and demonstrating that public policy and programmatic investments have only minimally improved the situation. This section recommends policies and strategies that the city, industry, and city sub-recipients collectively, should undertake to remove and or lessen the impediments to fair housing choice, and improve collaboration between government, the community, non-profit and private sectors.

Impediments to fair housing choice and remedial actions to remove or lessen their impacts are detailed in this section of the report. This section draws on the information collected and analyzed in previous sections to provide a detailed analysis of impediments to fair housing choice impacting the city. Five major categories of impediments were analyzed and identified: Real Estate and Housing Market Related Impediments; Public Policy and Fair Housing Infrastructure Impediments; Banking, Finance, and Insurance Related Impediments; Socioeconomic Impediments; and Neighborhood Conditions, Natural Barriers, Historical Events, Trends, and Development Pattern Related Impediments. For each impediment identified, issues and impacts are detailed. Remedial actions represent alternative ways to address each impediment. Some of the remedial actions recommended in this section are conceptual frameworks for addressing the impediments. This means that the recommended actions will require further research, analysis, and final program design by the city for implementation.

6.1 Real Estate and Housing Market Related Impediments

Impediment: Housing Affordability and Insufficient Income is impeding fair housing choice.

Determinant/Cause: The supply of housing affordable to persons based on current incomes compared to market prices is limited and a lack of affordability is impeding fair housing choice in the city. The high cost of housing compared to the incomes of many households reveals that incomes are not keeping pace with the market cost of housing. There is a lack of housing for population groups making less than 60%, 50%, or 30% of Area Median Income (AMI). Minimum wage is far below a 'living wage', and a person could be working full-time and still not earn enough money to afford rental housing or to purchase a home.

Determinant/Cause: Lack of affordability, that is households having inadequate income to acquire housing currently available in the market, may be the most critical impediment faced by households in the city. The analysis included the correlation between median home values and household income, and the distribution of income across income classes for Whites, African-American, and Hispanics. The median housing value in the city was \$213,700 and the median contract rent was \$808 between 2009 and 2013. The average income required to qualify for a mortgage based on the median home value of \$213,700 for the city is approximately \$55,000 to \$65,000 in household income and the average income to qualify for a contract rent of \$808 is \$36,000 to \$52,000. As a reference, \$35,000 per year is approximately \$17.00 per hour for a forty-hour workweek, 52 weeks a year for a single wage earner. When you factor in housing related expenses other than mortgage or rent payments such as taxes, insurance, and utilities, home ownership and rental housing is not attainable to many in the city. According to the 2009 - 2013 ACS estimates (5-Year average), approximately 54.4 percent of African Americans, 45.2 percent of Hispanics, and 34.7 percent of Whites earn annual household incomes of less than \$35,000. Approximately 74.9 percent of African Americans, 64.6 percent of Hispanics, and

49.6 percent of Whites earn annual household incomes of less than \$50,000, making housing affordability a concern for large segments of the City's population regardless of race and ethnicity.

Overall, the income distribution data does show significant percentages earning modal and median incomes above \$35,000 for all ethnic and racial groups, but reveals disparities in Tempe' income distribution across these populations. According to the 2009 - 2013 ACS estimates (5-Year average), the median household income for White households was \$50,501, \$32,778 for African-American households, and \$39,347 for Hispanic households, compared to \$47,882 for the overall city. The modal income class for African-Americans and Hispanics was the \$35,000 to \$49,999 income range with 19.4 percent of Hispanic households and 20.5 percent of African-American households, compared to a modal income for Whites of \$100,000 or more, with 19.9 percent earning in this income range.

Impediments #1: Overall, the income distribution data show a higher proportion of overall group population and lower income households within the African-American and Hispanic communities disparately impacted by the cost of housing and a limited supply of affordable and subsidized housing available in the city.

Impediment #2: There are some geographical concentrations of depressed and obsolete housing stock, some of which is in poor and deteriorated condition, including both private and subsidized, single family and multifamily housing.

Impediment #3: Household Incomes are not keeping pace with the market prices of housing and many households are "cost burden" paying more than 30 percent and even "severely cost burden" by HUD definition paying 50 percent or more of their household income for housing and housing related expenses.

Impediment #4 Affordable housing and rental subsidies for extremely low-income, special needs populations such as seniors, victims of domestic violence, former convicted felons, and people with disabilities are inadequate.

Impediment #5: There is an inadequate supply of units and affordability among units for large families with 4 or more children and those housing their extended family households. Multi-generational families and extended families are impacted and it is particularly difficult for immigrant and ethnic populations with varying cultural differences in the concept of families and living.

Remedial Actions:

Action #1: Support the increased production of affordable housing through public private partnerships with developers and capacity building for nonprofits. The City of Tempe will continue to work with local banks, developers and non-profit organizations to expand the stock of affordable housing. A continuation of these efforts should increase the production of new affordable housing units and assistance toward the purchase and renovation of housing in existing neighborhoods. Greater emphasis should continue to be placed on capacity building and technical assistance initiatives aimed at expanding non-profit, faith based organizations and private developers' production activities in the city. Alternative resources for city housing programs and to leverage increased capacity among the public and private sector should also remain a priority with continued city and non-profit efforts to acquire Fannie Mae, U.S. Department of Treasury Community Development Funding Institution (CDFI) program, Federal Home Loan Bank and other state and federal sources.

Action #2: Facilitate access to below-market-rate units. City of Tempe will assist affordable housing developers by advertising the availability of below-market-rate units via the jurisdictions' websites, referral phone service, and other media outlets. The city will also facilitate communication between special needs service providers and affordable housing developers, to ensure that home seekers with special needs have fair access to available units. The City of Tempe will also work with the affordable housing developers and nonprofit agencies receiving entitlement funds to revise their housing applications to reduce the obstacles that persons with limited English proficiency, and those who are

disabled, elderly or homeless may have in submitting completed paperwork within the allowable time.

Action #3: Maintain a list of partner lenders. The City of Tempe will maintain a list of lenders that can help buyers' access below-market-rate loans and locally-sponsored down-payment and mortgage assistance programs.

Action #4: Identify and seek additional sources of funds for affordable housing. The city will seek State and other Federal non entitlement grant resources in an effort to increase funding for first time homebuyer mortgage assistance program, if available. This will support eligible person in the market in acquiring affordable housing within the community and support those responsible for providing financing and engaged in affordable housing development.

Action #5: Encourage private sector support for affordable housing initiatives. The city, in coordination with the Chamber of Commerce, will encourage major employers and lenders to consider Employer-Assisted Housing (EAH) programs, encouraging employers to work with employees in their efforts to purchase housing. In some instances, the City and the Chamber will have to help raise the awareness among local employers and increase their understanding that not all wage levels permit ready entry into homeownership, without some sort of subsidy. This is important in that the private sector and employment community often view the use of subsidies to help low to moderate income households achieve homeownership as a public responsibility. In reality, with limited resources, the city government can only assist a small percentage of those in need. The Chamber can play a critical role in researching this issues and encouraging local businesses, local school districts, universities and local hospitals to consider implementing such programs for their employees. Employer-Assisted Housing programs benefit employers, employees, and the community. Employers benefit through greater employee retention. Employees receive aid to move into home-ownership. Ultimately, communities benefit though investment in the neighborhoods where the employers and employees are

located. The most common benefits provided by employers are grants, forgivable loans, deferred or repayable loans, matched savings, interest-rate buy downs, shared appreciation, and home-buyer education (provided by an employer-funded counseling agency). Successful EAH programs use a combination of some of the benefits listed above. One program that has met with success was developed by Fannie Mae, which not only has their own EAH program, but also helps employers implement EAH programs. Fannie Mae's own EAH program has made it possible for 2,200 of its employees to become homeowners. The City of Waco, Texas has implemented an EAH program and made it eligible to all city employees.

Action #6: It is recommended that the City of Tempe expand opportunities to increase the supply of assisted and affordable housing through incentivized development regulations and public policy in support of affordable housing. This would complement and leverage City entitlement resources such as CDBG and HOME funded programs that are currently the primary sources of funds available for affordable housing.

In an effort to expand local resources, we recommend that the city initiate an effort to research and consider inclusionary or incentivized zoning, as one alternative means of promoting balanced housing development. **Inclusionary zoning** has been used in other communities to ensure that some portion of new housing development is affordable. As housing prices rise, low to moderate-income residents may be displaced or unable to afford new housing in mixed income areas of the City without the use of Inclusionary or incentivized Zoning provisions. Mixed-income housing broaden access to services and jobs and provide opportunities for lower-wage earning families to buy homes in appreciating housing markets and, as a result, accumulate wealth.

Inclusionary or Incentivized Zoning, also known as **inclusionary housing**, can be implemented by enacting provisions in the local Zoning or Development regulations that require a given share of new construction houses be affordable

to people with low to moderate incomes. The term *inclusionary* zoning is derived from the fact that these ordinances seek to incentivize developers to provide a component of affordability in developments in exchange for increased development rights such as density. In practice, incentives are in response to 10% - 20% of new houses or apartments in a given development made affordable to persons at 80% or below the median income. The mix of "affordable" and "market-rate" housing in the same neighborhood or multifamily development is seen as beneficial in jurisdictions where housing shortages have become acute. The zoning code must be amended to include this provision and can be applied when residential planned development zoning is requested. Implementation is generally triggered at the building permitting phase.

Inclusionary Zoning could increase the resources for affordable housing through private developer built units or developer dollars allocated to a city trust fund for affordable housing in lieu of building units required in their development. Inclusionary zoning would generate additional resources for affordable housing since the federal entitlement grant programs cannot address all of the City's needs for affordable housing. It is recommended that the City consider implementing Inclusionary Zoning regulations and make the regulations applicable to all future transit oriented development plans, particularly in areas designated for the expansion of trolley services along the ASU corridor.

6.2 Public Policy and Fair Housing Infrastructure Impediments

Impediment: Public Awareness of Fair Housing and greater Outreach and Education are needed for the general public and protected class members under the Fair Housing Act; and for industries providing rental housing, mortgage financing, social services and community programming. Additional City lobbying efforts should include strengthening the Federal and State Fair Housing Acts by including additional Protected Classes as a means of increasing protections.

Determinant/Cause: City and State Fair Housing regulations were compared to the Federal Fair Housing Act and the analysis has determined that city regulations do not offer similar rights, remedies, and enforcement to the Federal Fair Housing Act. State Fair Housing regulations should be construed as being substantially equivalent to the Federal and State Fair Housing Act. It is important to note that neither the State Act nor the Federal Act offer protections for persons based on “source of income for housing” or those receiving “public assistance”. Persons who are extremely low-income are often recipients of public assistance, including housing subsidies, and as such are not currently protected as class members under the State or Federal Fair Housing Acts.

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

Impediments #6: Greater Public Awareness, outreach and education of Fair Housing is needed.

Impediment #7: Continued emphasis on fair housing enforcement, including training and testing is needed.

Impediment #8: Targeted outreach and education to immigrant populations that have limited English proficiency, language speaking barriers, and other protected classes is needed.

Remedial Actions:

Action #7: The City of Tempe will increase fair housing education and outreach in an effort to raise awareness and increase the effectiveness of fair housing ordinances. The city will target funding for fair housing education and outreach to the rapidly growing Hispanic and other immigrant populations. The City will also continue supporting fair housing workshops or information sessions to increase awareness of fair housing rights among immigrant populations and low income persons who are more likely to be entering the home-buying or rental markets at a disadvantage.

Action #8: The City of Tempe will partner with local industry to conduct ongoing outreach and education regarding fair housing for the general public and focused toward protected class members, renters, home seekers, landlords, and property managers. Outreach will include providing joint fair housing training sessions, public outreach and education events, utilization of the city website and other media outlets to provide fair housing information, and multi-lingual fair housing flyers and pamphlets available in a variety of public locations.

Action #9: Encourage Fair Housing Enforcement Agencies to target increase fair housing testing for multifamily properties. The City of Tempe will encourage HUD to provide increased fair housing testing in local apartment complexes. The testing program looks for evidence of differential treatment among a sample of local apartment complexes. Following the test, HUD will be asked to share its findings with the city and the city will offer outreach to landlords that showed differential treatment during the test.

Impediment: Increased the use of Public Transportation and Mobility.

Determinant/Cause: The public transportation systems for the most part, provides adequate routes to and from major employment centers and lower income neighborhoods. Limitations include limited service after 6:00 pm to

accommodate second and third shift workers, and direct routes to existing and emerging employment and social services centers in the city and region. While the economics of public transit prevent complete coverage that would allow all worker a reliable and speedy commute to job location within the city, the distribution of routes in the existing transit systems do appear to focus on providing access to major employment centers and neighborhoods where residents are more likely to utilize public transportation on their commutes to work.

The City is part of several regional transportation initiatives and therefore has limited ability to address some transportation impediments on its own. Public transportation limitations include limited service after 6:00 pm to accommodate second and third shift workers, and direct routes to some existing and emerging employment centers and social service locations, particularly to and from locations in the city and region for public transit dependent residents.

Impediments #9: Public transportation provides limited service after 6:00 pm to accommodate second and third shift workers, and direct routes to some existing and emerging employment centers and social service locations.

Impediment #10: Transits accessibility remains an obstacle for some special needs groups such as seniors and the disabled.

Remedial Actions:

Action #10: Expand routes and service times for public transportation to Employment Centers - Additional focus and analyses will be given to expanding public transportation as it becomes economical to do so.

Action #11: Expand the use of transit oriented development regulations for public transportation along the planned expansion of the trolley service on 6th Avenue along the Arizona State University Corridor and to Employment Centers - Additional focus and analyses will be given to expanding public

transportation incentives for higher densities and mixed housing types as a means of increasing access and utilization of public transit, and housing for diverse populations.

6.3 Banking, Finance, Insurance and other Industry related impediments

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

Determinant/Cause: Overall, the number of applications and origination rates among Whites were higher than that of minorities in all loan types home purchase, home improvement and refinance loans. Hispanics and African-Americans accounted for lower percentage of loan applications and originations compared to their percentage in population in the city. One possible reasons for lower number of applications from Hispanics could be due to language and cultural barriers that impede them in understanding the loan applications and mortgage process. Among African-Americans the issue is both the lack of applications and the lower origination rates.

Determinant/Cause: An analysis of the reasons for denial showed that the majority related to the applicants' credit history or their debt-to-income ratio in the study. Other possible reasons for not originating a loan included incomplete applications, employment history, mortgage insurance denied, unverifiable information, and insufficient cash for down-payment and/or closing costs.

Determinant/Cause: The housing foreclosure rates across the country continue to impact the housing market and lending in Tempe. Numerous web sites are providing numerical counts and locations for homes with foreclosure filings for Maricopa County and City of Tempe. The rise in foreclosures may in part be attributed to the rise and fall of subprime lending market. Subprime lenders offered loans to less-creditworthy borrowers, borrowers that lack sufficient down-

payments to afford the property, and risk based borrowers that speculate on the real estate market by acquiring real estate with no equity investment/down-payment in hopes that the property would appreciate in value over a short period of time.

Impediments #11: Greater emphasis is needed on programs and educations that increase financial literacy and counseling for renters and homebuyers.

Remedial Actions:

Action #12: The City will apply for competitive and non-Entitlement State and Federal funding and assistance from nonprofit intermediaries for foreclosure programs such as the Stabilization Program (NSP) funding if it becomes available to provide home buyer assistance and subsidies to homebuyers to acquire foreclosure property and get it back into commerce.

Action #13: The City will apply for competitive and non-Entitlement State and Federal funding and assistance from nonprofit intermediaries for financial literacy education programs. Financial literacy should be emphasized as a means of preventing poor credit and understanding the importance of good credit.

Action #14: The City will encourage bank and traditional lenders to offer products addressing the needs of households currently utilizing predatory lenders. This may require traditional lenders and banks to establish “fresh start programs” for those with poor credit and previous non-compliant bank account practices.

6.4 Socio-Economic Impediments

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

Determinant/Cause: Elderly Persons and Households. Seniors are living longer; lifestyles are changing and desire for a range of housing alternatives

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

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

Determinant/Cause: Homeless Individuals. The primary barrier to housing choice for homeless individuals is insufficient income. Service providers indicate that many homeless rely on Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) for income, which are too low to qualify for most market rate and many affordable housing developments. In addition, property managers often screen out individuals with a criminal or drug history, history of evictions, or poor credit, which effectively excludes many homeless

persons. There were antidotal comments by those interviewed that some persons have been denied housing based on their immediate rental history being a shelter or transitional housing facility.

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

Impediment #12: Expand the supply increase affordability of housing for senior, special needs housing and housing for disabled persons.

Impediment #13: Remove barriers for persons with limited English proficiency enabling them to better access the housing market.

Impediment #14: Current rental subsidy programs offered by the public and assisted housing programs have insufficient funding to meet the needs of households on their waiting list and others currently cost burden or in overcrowded conditions.

Remedial Actions:

Action #15: Provide language assistance to persons with limited English proficiency. Many individuals living in the state for which English is not their primary language may speak English with limited proficiency or, in some cases, not at all. As a result, persons who are limited English proficient (LEP) may not have the same access to important housing services as those who are proficient.

The city will implement and maintain a language access plan (LAP) consistent with federal guidelines to support fair access to housing for LEP persons.

Action #16: Continue to Implement an Affirmative Fair Housing Marketing Plan (AFHMP) to create fair and open access to affordable housing. The city will include provisions in Affirmative Fair Housing Marketing Plans insuring that individuals of similar economic levels in the same housing market areas have equal access to a like range of housing choices regardless of race, color, religion, sexual orientation, gender, familial status, disability, or national origin. The entitlement-funded agencies in the city shall follow the plan and insure that it is consistent with federal guidelines to promote fair access to affordable housing for all persons. The city will also provide outreach to private landlords not receiving entitlement funding encouraging landlords to facilitate and embrace the city's AFHMP provision of providing housing to persons protected under the Fair Housing Act and those with imperfect credit histories, limited rental histories or other issues in their backgrounds.

Action #17: Continue to encourage recruitment of industry and job creation that provide living wages to persons currently unable to afford market rate housing. The city will continue to work on expanding job opportunities through the recruitment of corporations, and the provision of incentives for local corporations seeking expansion opportunities. A particular emphasis should be to recruit jobs that best mirror the job skills and education levels of those populations most in need of jobs. For the city, this means more jobs that support person with high school education, GED's and in some instances, community college or technical training. These persons are evident in the workforce demographics and in need of jobs paying minimum wage to moderate hourly wages. The city should also continue to support agencies that provide workforce development programs and continuing education courses to increase the educational level and job skills of residents. The goal should be to increase the GED, high school graduation, technical training, and college matriculation rates among residents. This will help in the recruitment of industry such as "call centers", clerical and manufacturing

jobs. Call centers and customer service centers where employees are recruited to process sales or provide customer service support for various industries, have become more and more attracted to areas with similar demographics to that of the City of Tempe.

The Aflac Insurance Company is a great example of a “call center operation” that relocated to a smaller city, and is making a difference by dramatically expanding employment in Columbus, Georgia for persons from similar demographic groups to those most in need of jobs in the city. In 1998, Aflac opened its Computer Service Center housing 600 employees. In 2001, the company opened its Corporate Ridge office, a 104-acre development housing the company’s claim processing and call center operations. Aflac recently opened a new phase of the expansion in 2007, which added 90,000 square feet to the existing Paul S. Amos Corporate Ridge campus building located in Columbus. The City of Columbus provided an incentive package including tax abatement and land assembly and acquisition subsidies in part through the use of their federal grant funds.

Action #18: Increase Alternative Housing Choices for seniors such as Senior Housing / Tax Credit Financing and Cottage Housing for Elderly Homebuyers. The elderly have few alternatives for housing. They must choose between living in traditional single family ownership units, living with relatives and single family and multifamily rental housing or assisted living or nursing homes. There are few alternatives or programs supporting seniors “aging in place”, or building code provisions for “visitable housing standards” that provide for at least one bedroom, hallway and entry door provide accessibility for disabled person to all new single family structures. Alternative housing products and financial tools are needs. The following are some alternatives.

Senior Housing / Tax Credit Financing – Commercial buildings in local commercial districts and vacant, obsolete commercial building and school facilities in neighborhoods throughout the city are currently marginal or non-contributing asset to the community’s wellbeing. However, their proximity to

major transportation corridors, which serve as car or public transportation routes to various senior services and programming sites, make these buildings an attractive prospect for adaptive re-use as senior housing. Developers such as Keen Development Corporation assisted AU Associates in planning for the conversion of similar sites such as the historic Midway School located in Midway, Kentucky, into 28 apartments for the elderly utilizing LIHTC equity and HOME Funds.

Cottage Housing for Elderly Homebuyers – Cottage housing, or cluster housing as it is sometimes called, provides a smaller unit for the elderly as a homeownership option or as an alternative to continuing ownership of a larger unit that essentially over-houses them or has become too costly to maintain. It should also be considered a viable alternative to an entitlement grant-funded major rehabilitation when an elderly applicant is living in unsafe conditions and the rehabilitation costs exceed the projected value of the completed structure. There may also be applicants who, as a result of limited funding, will have to wait years for assistance because their application is at the end of a long rehabilitation program waiting list.

6.5 Neighborhood Conditions Related Impediments

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

Determinant/Cause: The potential for neighborhood decline and increasing instability in Tempe' older neighborhoods is a growing concern. Neighborhoods relatively stable today will decline if routine and preventive maintenance does not occur in a timely manner. The population is aging, which means more households with decreasing incomes to pay for basic maintenance and renovations. This increase in elderly households coupled with the steady rise in the cost of housing and the cost of maintaining housing means that many

residents will not be able to limit their housing related cost to 30 percent of household income and still maintain their property. Rental property owners will be faced with increasing rents to pay for the cost of maintenance and updating units rendering rental units unaffordable to households as well.

Neighborhoods and homeowners and renters must devise a means for residents and landlords to keep pace with the maintenance demands of housing, an aging housing stock, and support those persons unable to maintain their properties on their own. This will enhance and support a healthy neighborhood “Image and Identity” and help attract new residents and retain existing residents and businesses. An essential component of this recommendation will include becoming healthier, sustainable neighborhoods, able to meet the essential quality of life needs of its residents and to improve the physical character of the neighborhood. In some neighborhoods, these attributes are viewed as negative and uninviting both internally by its residents and externally by the community at large. Some neighborhoods are viewed as unsafe and a haven for criminal activities. Whether this is reality or a perception, it has a detrimental effect on the image of the neighborhood either way.

Neighborhood assets must be protected and improved. Structures should be strategically removed if found to no longer contribute to the well-being of the community. Maintaining vacant lots, including clearing weed, litter, and junk, and maintaining tree growth, would immediately improve the appearance of neighborhoods. Existing regulatory efforts need to be expanded and additional resources allocated to support enhanced code enforcement throughout the city. Other amenities such as providing streetscape enhancements in the medians and pedestrian areas along residential streets, adding street lighting, sidewalks, shrubs, and new development on vacant lots, would significantly improve the neighborhoods. Most of all, there is a need to revive the “sense of community and trust” and encourage participation and cooperation from residents to maintain their homes, yards, and surroundings and to actively participate in

community empowerment activities such as Crime Watch, neighborhood associations and self-help initiatives in older neighborhoods.

Impediment# 15: Expanded resources are needed to assist lower income persons, seniors and other special needs groups with maintain homes and improving neighborhood stability.

Remedial Actions:

Action #19: Design and implement a centralized program of self-help initiatives. The city will evaluate the design and implement a Centralized Program of Self Help Initiatives based on volunteers providing housing assistance to designated elderly and indigent property owners and assist them in complying with municipal housing codes. Activities that could be considered for the centralized self-help initiatives program include:

- **Increase self-help initiatives such as "fix-up," "paint-up," or "clean-up" campaigns and "corporate repair projects".** In order to increase resources available for these efforts, neighborhood residents, religious institutions, community organizations, individuals, and corporations would be recruited to participate in the repair to homes occupied by elderly, disabled, and indigent homeowners through organized volunteer efforts involving their members and employees.
- **Implement a Youth Build and Repair Program in conjunction with the local school district or the Tempe Housing Authority.** Youth Build is a U.S. Department of Housing and Urban Development (HUD) program that teaches young people how to build new homes and repair older ones. HUD offers competitive grants to cities and non-profit organizations to help high-risk youth, between the ages of 16 and 24, develop housing construction job skills and to complete their high school education.

- **Organize a “Compliance Store”** where home builders, building supply stores, merchants, and celebrities, such as radio and television personalities, are used to demonstrate simple, cost effective ways to make improvements to houses and donate building supplies for use in self-help projects. The supplies and storage facility for supplies could be provided to enrollees by building supply stores, contractors, and hardware stores.
- **Increased emphasis on organizing "adopt-a-block" and "adopt-an-intersection" campaigns** where neighborhood groups, residents, scout troops, and businesses adopt key vistas and intersections to maintain and implement beautification projects, such as flower and shrub plantings and maintenance.
- **Increase the creation of Community Gardens as interim uses on select vacant lots** provide an opportunity for neighborhood residents to work together to increase the attractiveness of their neighborhood.

Section 7: Oversight, Monitoring and Maintenance of Records

Introduction

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

Oversight and Monitoring

The Analysis of Impediment process has been conducted under the oversight and coordination of the City of Tempe Human Services Department with the support of an independent consultant.

The City of Tempe Human Services Department (HSD) will be designated as the lead agency for the City of Tempe with responsibility for ongoing oversight, self-evaluation, monitoring, maintenance and reporting of the City's progress in implementing the applicable remedial actions and other efforts to further fair housing choice identified in this report. The HSD, as the designated lead agency, will therefore provide oversight, as applicable, of the following activities.

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

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

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

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

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

■The HSD will continue to refer fair housing complaints and or direct person persons desiring information or filing complaints with the HUD FHEO Regional Office in San Francisco, California.

Maintenance of Records

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

■A copy of the 2014 - 2015 Analysis of Impediments to Fair Housing Choice and any updates will be maintained and made available upon request.

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

■An update of the City's progress in implementing the FY 2014 - 2015 AI will be submitted to HUD at the end of each program year, as part of the City of Tempe's Consolidated Annual Performance and Evaluation Report (CAPERS).