

ANALYSIS of IMPEDIMENTS to FAIR HOUSING CHOICE



Arizona Department of Housing
1700 W. Washington, Suite 210
Phoenix, AZ 85007
602.771.1000 Phone
602.771.1002 Fax
602.771.1001 TTY

This document is available in alternate
formats upon request.



Section One: Introduction, Summary of Issues, & Conclusions	3
Introduction	4
Summary of Fair Housing Issues	4
Conclusions	6
 Section Two: Statistical Data on Demographics, Income, Poverty, Employment and Housing .	7
Statewide Demographic Data	8
Population by Race and Ethnicity	8
Population by Age.....	9
Arizona Income Data	9
Household Income by Income Category	10
Household Income by Race and Income Category.....	11
Poverty by Race and Ethnicity.....	11
Poverty and Disability	12
Statewide Employment Profile	13
Statewide Housing Profile	14
Homeownership by Race and Ethnicity.....	14
Housing Quality and Affordability	15
Non-Metropolitan Arizona	16
Population	16
Income, Poverty and Unemployment Rate.....	17
Housing and Housing Quality	17
Non-Metropolitan Minority Concentration Census Tracts	18
Home Mortgage Disclosure Act Data as an Indicator of Discrimination	19
The Flagstaff MSA.....	20
The Yuma MSA	21
Conclusions	23
 Section Three: Evaluation of the State of Arizona’s Fair Housing Profile	24
Data From the Arizona Attorney General’s Office	25
Data From the Arizona Department of Housing Survey	27
 Section Four: Identification of Impediments to Fair Housing Choice in the State of Arizona .	30
List of Impediments and Action Steps.....	32
 Section Five: Public and Private Fair Housing Activities	34
Federally Funded Activities	35
State of Arizona Activities	35
Private Sector Activities	37
 Appendix: Survey of Statewide Fair Housing Advocacy Organizations	38

Section One

**INTRODUCTION,
SUMMARY OF ISSUES
& CONCLUSIONS**

INTRODUCTION

The U. S. Department of Housing and Urban Development (HUD), requires that each state conduct an analysis to identify impediments to fair housing choice within the State and to outline and take appropriate, effective actions to ameliorate the identified impediments. The HUD definition of “fair housing choice” means the ability of persons, regardless of race, color, religion, sex, handicap, familial status or national origin, of similar incomes, to have available the same housing choices.

This analysis document was prepared by the Arizona Department of Housing, utilizing many sources of information. These sources included:

- The 2000 United States Census.
- The 1995 - 1996 Consolidated Plans prepared by the State of Arizona, City of Phoenix, Maricopa County Consortium, Tucson/Pima County Consortium and the City of Yuma.
- The results of a survey of fair housing advocacy groups performed by the Arizona Department of Housing in February 2004.
- Various reports on the effects of zoning, other land use controls and building controls on fair housing and affordable housing, including a report written by Arizona State University faculty.
- Home Mortgage Disclosure Act (HMDA) data obtained through Internet searches from the Federal Financial Institutions Examination Council’s (FFIEC) public data sources and reports.
- Fair housing complaint data supplied by the State Attorney General’s Office.
- Data on activities underway and recently undertaken which aim to educate persons in protected classes and the various segments of the housing industry, about fair housing and the nature of housing discrimination.

Several reports on the *Analysis of Impediments to Fair Housing Choice* from other states, such as Georgia, Minnesota, Alaska, Hawaii and others, were also reviewed, and some important ideas from those reports were utilized in the compilation of data and analysis sections of his report.

SUMMARY OF FAIR HOUSING ISSUES

That housing discrimination is widely practiced throughout the United States and the State of Arizona is no longer discussed in terms of *whether* discrimination exists, but rather, the *nature and extent* to which fair housing discrimination exists and persists.

The responses to the Survey on Fair Housing Issues conducted by the Arizona Department of Commerce in December 1995 (and contained in the 1997 Analysis of Impediments) confirm that Arizona is plagued by housing discrimination against the seven protected classes of persons. Among the problems cited were:

- NIMBY - Not In My Back Yard attitudes against projects that serve lower income (“those people” - shorthand for people of color) and disabled people, and the lack of political will and/or interest to defuse community hostility.
- Frequently cited is the 1994 revision of the Arizona Residential Landlord and Tenant Act that creates a presumption that occupancy limited to two persons per bedroom is reasonable as a standard for compliance with the Fair Housing Act.

- Landlord resistance to accommodating the disabled community, so that disabled renters can easily navigate their units and the grounds of the buildings.
- Landlords screen callers by their surnames and respond that the unit is already rented.
- The lending community is described as reluctant to lend in lower income areas, which often are predominantly or heavily minority.
- Homeowner insurance companies redline low income areas, charge higher rates for insurance, or cancel for any kind of claim.
- Discrimination is often subtle, sometimes taking the form of discouraging remarks (to families - “this complex is very quiet”), grouping families or persons of color in one part of a complex, losing paperwork and missing deadlines.

Among the issues described in earlier public input sessions were:

- The problem of discrimination is not singular; it is a combination of social and economic factors; it stems from ignorance, prejudice, fears of the impacts of desegregation and change, plus a paralysis and polarization of interest groups.
- We believe the problems in any affordable housing within Arizona to be complex and interrelated. These problems include lack of industry and consumer education, inadequate enforcement, resources, and socio-economic factors in the Arizona state markets...some discrimination is not visible, it is generational.
- There is a lack of knowledge throughout the landlord community regarding the relevant laws. There is also a severe shortage of definite answers to specific questions that arise. Therefore the answers are derived by litigation.
- We see segregation and fair housing to be two separate issues. In terms of segregation, there are three problems: lack of education, affordability and the lack of effectiveness and integration in existing governmental programs. In terms of fair housing, the primary problem is lack of education from groups on all sides of the issues, including consumers (renters/buyers) sellers (landlords, real estate agents, owners, lenders) and regulatory and nonprofit agencies.
- Lack of knowledge on the part of housing providers, housing seekers, landlords and tenants, concerning the fair housing laws, the American with Disabilities Act (ADA), state tenant/landlord laws. Historically, these laws only looked at solutions to problems of inaccessibility by “grouping” rather than community approach. Lack of enforcement of laws and lack of networking to identify current affordability and accessible housing.

There was consensus among the participants concerning the antidotes to these issues. These included need for more education on what constitutes fair housing violations and to encourage more tolerance of the protected classes, better coordination among advocacy and development agencies and between the public and private sectors, more affordable housing, and more leadership, particularly from elected officials.

This conclusion was also supported by data gathered by the Arizona Department of Housing for this Analysis of Impediments. Based on these findings, the Arizona Department of Housing awarded \$382,112 in 2002 and 2003 funds to educate people throughout the state in issues related to fair housing.

CONCLUSIONS

The consensus is that the primary manner in which to fight discrimination is through education - of housing providers and consumers - and to provide vigilant and timely enforcement of the fair housing laws.

The remainder of this **Analysis of Impediments** looks at Arizona's racial, income and housing demographics, the identified impediments to fair housing that have been discerned by the community and through FHIP funded studies, the ongoing activities to ameliorate or better, to remove impediments, and a list of actions appropriate to the State government.

SECTION TWO

**STATISTICAL DATA
ON DEMOGRAPHICS, INCOME,
POVERTY, EMPLOYMENT, AND
HOUSING PROFILE**

This section shows in narrative and table formats data related to population, income, poverty, employment and housing. The data is divided into two broad geographical categories: the state level and non-metropolitan Arizona. The information presented were primarily obtained from the 2000 Census, 2000 CHAS data made available on the Internet by HUD, Home Mortgage Disclosure Act (HMDA) data, and various studies by the Arizona Department of Housing and Arizona Housing Commission.

STATEWIDE DEMOGRAPHIC DATA

During the 1990s, Arizona’s total population increased by 40% (or by 1,465,40 people), from 3,665,228 in 1990 to 5,130,632 in 2000. Of the total new population, 76.9% live in the two metropolitan counties of Maricopa and Pima, and the remaining 22.1% in the 13 rural counties. In terms of percentage population growth in the 1990s, Arizona was the second fastest growing state in the nation, following Nevada.

Arizona is a highly urbanized state, with 76.3% of its population residing in the two urban counties of Maricopa and Pima, and the remaining 23.7% in the 13 rural counties.

Population by Race and Ethnicity

The distribution of state population by race and ethnicity, based on 2000 Census, is as follows:

- 25.3%, Hispanic Origin.
- 36.2%, minority (according to Population Statistics Unit of the Arizona Department of Economic Security).
- 75.5% “White” (Hispanic and Non-Hispanic White).

Further details regarding Arizona’s population is presented in Table 1:

Table 1: Arizona Population by Race and Ethnicity – Year 2000:

Race or Ethnicity	Number	% of Total Population
Total Population	5,130,632	100%
White	3,873,611	75.5%
Black or African American	158,873	3.1%
American Indian and Alaska Native	255,879	5.0%
Asian	92,236	1.8%
Native Hawaiian and Other Pacific Islander	6,733	0.1%
Some Other Race	596,774	11.6%
Two or More Races	146,526	2.9%
Hispanic or Latino*	1,295,617	25.3%
Not Hispanic or Latino	3,835,015	74.7%

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

* Persons of Hispanic Origin could be of any race. Hispanic is not a race, it is an ethnicity like Germans, Afghans, or Greeks.

Population by Age

People back east and in the Midwest think that Arizona is a retirement state and median age might be in the 40s or 50s. But that is a myth, rather than a reality. According to Census 2000, median age of population in Arizona was 34.2 years, which is lower than the U.S. median age of 35.3 years.

- **School-Age Population (Under 18 Years)** - Data presented in Table 2 shows that the school age population (Under 18 years) in Arizona is 26.6% of the total population.
- **Working-Age Population (18 to 65 Years)** - This population group comprises 60.3% of the total population.
- **Retirement-Age Population (65 Years and Over)** – As of year 2000, 13% of the total state population was in this age. It is important to know that almost 6% of the state total population is 75 years or older. The number of people in this age category will increase significantly in the next 10 to 20 years, exerting much pressure on public resources allocated for services to this population group. More details are presented in Table 2:

Table 2: Arizona Population by Age – Year 2000:

Selected Age Category	Number	% of Total Population
Total Population	5,130,632	100%
Under 5 Years	382,386	7.5%
Under 18 Years	1,366,947	26.6%
18 to 64 Years	309,5846	60.3%
65 Years and Over	667,839	13.0%
65 to 74 Years	363,841	7.1%
75 to 84 Years	235,473	4.6%
85 Years and Over	68,525	1.3%

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

Arizona Income Data

With the rapid economic growth over the last 20 to 30 years, people in Arizona are still behind the U.S. in terms of average income. This is true for median household income, median family income and per capita income, as presented in Table 4. The definitions of the three income measures are as follows:

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

Table 3: Average Income Indicators for Arizona and U.S. – 1999

Average Income Indicator	Arizona	U.S.
Median Household Income	\$40,558	\$41,994
Median Family Income	\$46,723	\$50,046
Per Capita Income	\$20,275	\$21,857

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

Why do people in Arizona have lower incomes than national average? There is no easy answer. Most likely, it is due to a combination of the following factors: lower wages, lower cost of living, lower manufacturing employment, weaker unions, higher minority concentration, and highly market-oriented business environment.

Household Income by Income Category

Arizonans are doing better at the lower income brackets and worse at the higher income brackets. For example:

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

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

Table 4: Household Income - 1999

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

Source: U.S. Census Bureau, Census 2000 and Arizona Department of Housing.

Household Income by Race and Income Category

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

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

For further details, please refer to Table 5:

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

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

Source: U.S. Census Bureau, Census 2000 and Arizona Department of Housing.

Poverty by Race and Ethnicity:

Total poverty rate in Arizona is slightly higher than the U.S. average, 13.4% for Arizona versus 12.4% for the U.S.

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

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

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

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

* Persons of Hispanic Origin could be of any race. Hispanic is not a race, it is an ethnicity like Germans, Afghans, or Greeks.

Poverty and Disability

In general, people with disability have higher incidence of poverty than people with no disability:

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

Table 7: Arizona’s Poverty Status by Disability Status for the Civilian Noninstitutionalized Population, 2000

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

Source: U.S. Census Bureau, Census 2000 and Arizona Department of Housing

STATEWIDE EMPLOYMENT PROFILE

Arizona’s main economic sectors include services, government and trade. The single largest economic sector is services, employing more than 883,700 people in 2003. Wholesale and retail trade provided more than 368,200 jobs. Many of these jobs are directly related to tourism, an industry that injects more than \$12 billion into the state’s economy each year.

In 2003, manufacturing accounted for 174,000 jobs, or approximately 7.5 percent of the state’s employment, and has historically generated almost 15 percent of wages and salaries.

The construction sector, also very important to Arizona’s economy, accounted for 176,600 jobs or 7.6 percent of the state’s employment in 2003. This sector has experienced a substantial increase in construction activity over the past few years.

Table 8: Arizona Employment by Industry – 2003

	Employment Number	Percent of Total Employment
Government	393,700	17.0%
Professional and Business Services	320,000	13.9%
Retail Trade	275,100	11.9%
Educational and Health Services	246,300	10.7%
Leisure and Hospitality	231,500	10.0%
Construction	176,600	7.6%
Manufacturing	174,000	7.5%
Financial Activities	159,300	6.9%
Wholesale Trade	93,100	4.0%
Other Services	85,900	3.7%
Transportation, Warehousing and Utilities	76,600	3.3%
Information	49,400	2.1%
Agriculture	20,200	0.9%
Mining	8,000	0.3%
Total Employment	2,309,700	100.0%

Source: Arizona Department of Economic Security and Arizona Department of Housing.

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

- In terms of urban and rural split, 85.7% of total jobs in 2003 were located in the two metro counties of Maricopa and Pima, and the remaining 14.3% in the 13 rural counties.
- The opportunity for employment in most rural counties is much limited as compared to the urban counties. For example, the unemployment rate in Yuma and Apache counties were 23.1% and 14.1% as compared to 4.9% and 4.3% for the two urban counties of Maricopa and Pima.

STATEWIDE HOUSING PROFILE

Single family is the primary type of housing both in Arizona and for the U.S. as a whole. Census 2000 data reveals that almost 65% of the total housing units in Arizona are single family homes, 20% multifamily and 15% manufactured and other forms of housing. Comparable numbers for the U.S. are 65.9%, 26.3% and 7.8%, in that order. Specific numbers and percentages of housing units by housing type are presented in table 9.

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

Housing Information Indicator	Arizona		U.S.	
	Number	%	Number	%
Total Number of Units in 2000:	2,189,189	100%	115,904,641	100%
Single Family	1,375,489	64.8%	76,313,410	65.9%
Multifamily	483,738	20.1%	30,549,393	26.3%
Manufactured or Mobile Homes	302,575	13.8%	8,779,228	7.6%
Other Type of Housing	27,387	1.3%	262,610	0.2%

Source: Arizona Department of Economic Security and Arizona Department of Housing.

Homeownership Rate by Race and Ethnicity

The over all homeownership rate and homeownership rates for most minorities are higher in Arizona than the U.S. average:

- All households – Arizona 68%, U.S. average 66.2%.
- White – Arizona 71.3%, U.S. average 71.3%.
- Hispanic - Arizona 55%, U.S. average 45.7%.
- American Indians - Arizona 61.2%, U.S. average 55.7%.
- Black - Arizona 44.1%, U.S. average 46.3%.

Further details on homeownership rates by race and ethnicity are presented in Table 10.

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

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

Source: 2000 Census, Summary File 4.

Compiled by: Arizona Department of Housing 3/4/2004

Housing Quality and Affordability

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

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

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

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

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

Table 11: Housing Quality Characteristics

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

Source: Arizona Department of Economic Security and Arizona Department of Housing.

NON-METROPOLITAN ARIZONA

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

In general, the non-metropolitan area of Arizona is much smaller in terms of population and economic activity. It has higher poverty rate, higher housing quality problems, higher concentration of minorities’ population, lower job growth, and lower median household income. Specific demographic, economic and housing differences between non-metropolitan and metropolitan areas of Arizona are presented in tables 12, 13 and 14.

Population (Table 12):

- The 2003 estimated non-metro population of Arizona was 1,322,045, which is about 70% smaller than total metro population of 4,307,825.
- Minority population comprises 37.3% of the non-metro areas’ total population, as compared to 31.6% for the metro areas.
- The share of Hispanic ethnicity as a percent of total population for the non-metro Arizona is 28.2%, as compared to 25.8% for the metro areas.

Table 12: Population

Selected Indicators	Non-Metropolitan Arizona	Metropolitan Arizona
2003 Total Population	1,322,045	4,307,825
% of Total State Population in 1990	23.9%	76.1%
% of Total State Population in 2000	23.7%	76.3%
% of Total State Population in 2003	23.5%	76.5%
Total Minority Population (%)	37.3%	31.6%
Hispanic Ethnicity (%)	28.2%	25.8%

Source: 2000 Census, and Arizona Department of Housing.

Income, Poverty and Unemployment Rate (Table 13):

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

Table 13: Income, Employment and Unemployment Rate

Selected Indicators	Non-Metropolitan Arizona	Metropolitan Arizona
Per Capita Income	\$15,618	\$21,720
Poverty Rate 1999	19.0%	12.4%
% of Arizona Labor Force (2003)	19.9%	80.1%
Unemployment Rate (2003)	8.9%	4.8%

Source: 2000 Census, and Arizona Department of Housing.

Housing and Housing Quality (Table 14):

- Homeownership rate in the non-metro areas of the state is 72.3%, which is significantly higher than the 66.8% for the metro areas.
- A sizable portion of the housing in the non-metro areas of Arizona is comprised of manufactured housing and mobile homes – 28.8%, as compared to only 8.5% for the metro areas.
- The non-metro residents have to deal with more housing quality problems than metro residents:
 - Plumbing Problems – 3.3% versus 0.5 %.
 - Lack of Complete Kitchen Facilities – 2.9% versus 0.6%.
 - Overcrowded Conditions – 5.2% to 4.1%, and
 - Severely Overcrowded Conditions – 4.9% to 4.0%

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

Table 14: Housing and Housing Quality

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

Source: 2000 Census, and Arizona Department of Housing.

Non-Metropolitan Minority Concentration Census Tracts

Table 15 contains a list of census tracts for the non-metro counties of Arizona (off –Indian Reservations), each having a minority population concentration ratio of 75% or higher (or the minority population rate of at least 200 percent of the state minority population rate of 36.2%). The primary minority group in all of the targeted census tracts is Hispanics.

The data presented in Table 15 also reveals that there is a strong relationship between minority population concentration, poverty rate and income. For example, the majority of the selected census tracts with high concentration of minorities’ population also had higher poverty rates. Median family incomes in these census tracts were at low and moderate levels.

The data presented in Table 15 have been extracted from the various data tables made available on the Web site of the Federal Financial Institutions Examination Council (FFIEC). The Council is a formal interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), and the Office of Thrift Supervision (OTS) and to make recommendations to promote uniformity in the supervision of financial institutions.

Table 15: Minority High Concentration Census Tracts

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

Source: FFIEC and Arizona Department of Housing.

Home Mortgage Disclosure Act Data as an Indicator of Discrimination

Home Mortgage Disclosure Act (HMDA) data by county is not readily available for rural Arizona counties. Such data is only available for the five Metropolitan Statistical Areas (MSAs) of Phoenix-Mesa MSA, Tucson MSA, Flagstaff, AZ-UT MSA, Las Vegas, NV-AZ MSA and Yuma MSA. Although lending data by census tracts is not available for rural counties, we believe that patterns and conclusions concerning lending practices in areas of minority concentration in Yuma and Flagstaff MSAs can be extrapolated to other parts of the State, while still considering circumstances specific to each region.

The HMDA data for the two study areas shows disparities in the number of applications submitted, denied and withdrawn or closed.

The Flagstaff MSA

Two groups of census tracts were selected for comparison and analysis purposes. Each group had five census tracts. The census tracts in group 1 had much higher poverty and minority concentration rates, than in group 2.

The data in Table 16 shows significant differences in the pattern of lending practices, as summarized in the last two columns:

- Loan origination or approval rates as a percent of total number of loans (column 8) in group 1 has a range of zero to 54.8%, as compared to 62.3% to 70.3% for group 2. There is a clear pattern indicating that loan origination rates in group 2 were higher than in group 1.
- The application denial rates, as a percent of all applications (column 9), is much higher for group 1, than group 2 -- 23.3% to 87.2% for group 1, compared to 8.8% to 17.3% for group 2.

Our conclusion is that at least part of the differences in the loan originations and loan denial rates between group 1 (the high poverty area) and group 2 (the low poverty area) could be associated with discrimination practices in lending.

Table 16: Flagstaff MSA, 2002 HMDA Data

Group 1	Loan Originated	Approved, Not Accepted	App Denied	App Withdrawn	Files Closed for Incompleteness	Total Number of Applications	Loan Originated as % of Total Number of Loans	App Denied as % of Total Number of Loans
CT 3	261	40	111	56	8	476	54.8%	23.3%
CT 17	168	47	96	50	8	369	45.5%	26.0%
CT 22	38	16	52	8	3	117	32.5%	44.4%
CT 23	4	19	29	2	0	54	7.4%	53.7%
CT 24	0	9	68	1	0	78	0.0%	87.2%
Total	471	131	356	117	19	1,094	43.1%	32.5%
Average	94.2	26.2	71.2	23.4	3.8	218.8	-	-
Group 2								
CT 1	376	44	61	49	5	535	70.3%	11.4%
CT 6	625	87	78	88	12	890	70.2%	8.8%
CT 7	300	45	70	53	8	476	63.0%	14.7%
CT 9	223	39	49	37	10	358	62.3%	13.7%
CT 14	555	92	123	95	16	881	63.0%	14.0%
Total	2,079	307	381	322	51	3,140	66.2%	12.1%
Average	415.8	61.4	76.2	64.4	10.2	628	-	-
Flagstaff MSA	6,923	1,120	2,000	1,287	215	11,545	60.0%	17.3%

Source: FFIEC, 2002 HMDA data, and Arizona Department of Housing.

The Yuma MSA

Two groups of census tracts were selected for comparison and analysis purposes. Each group had five census tracts. The census tracts in Group1 had much higher poverty and minority concentration rates, than Group 2.

The data in table 17 shows significant differences in the pattern of lending practices in the two areas, as summarized in the last two columns of that table:

- Loan origination or approval rates as a percent of total number of loans (column 8) has a range of 40.4% to 53.9% in Group 1, as compared to 50.2% to 64.9% in Group 2. There is a clear pattern that loan origination rates in Group 2 were higher than in Group 1.
- The application denial rates, as a percent of all applications (column 9), is much higher for Group 1, than Group 2 – 29.4% to 38.2% for Group 1, as compared to 17.3% to 32.4% for Group 2.

Our conclusion is that at least part of the differences in the loan originations and loan denial rates between Group 1 (the high poverty area) and Group 2 (the low poverty area) could be associated with discrimination practices in lending.

Table 17: Yuma MSA, 2002 HMDA Data

Group 1	Loan Originated	Approved, Not Accepted	App Denied	App Withdrawn	Files Closed for Incompleteness	Total Number of Applications	Loan Originated as % of Total Number of Loans	App Denied as % of Total Number of Loans
CT 4.02	168	40	159	43	6	416	40.4%	38.2%
CT 7	67	12	61	24	2	166	40.4%	36.7%
CT 114.01	453	70	230	63	24	840	53.9%	27.4%
CT 115.01	184	19	106	48	3	360	51.1%	29.4%
CT 16	82	6	64	36	4	192	42.7%	33.3%
Total	954	147	620	214	39	1,974	48.3%	31.4%
Average	1,90.8	29.4	124	42.8	7.8	394.8	-	-
Group 2								
CT 2	104	17	67	18	1	207	50.2%	32.4%
CT 6	213	33	79	43	10	378	56.3%	20.9%
CT 11	204	36	105	51	9	405	50.4%	25.9%
CT 109	777	110	207	81	22	1,197	64.9%	17.3%
CT 111	815	124	329	124	22	1414	57.6%	23.3%
Total	2,113	320	787	317	64	3,601	58.7%	21.9%
Average	422.6	64	157.4	63.4	12.8	720.2	-	-
Yuma County	5,521	842	2,469	934	196	9,962	55.4%	24.8%

Note: CT 4.02 is CT 4; CT 114.01 is CT 114, and CT 115.01 is CT 115.

CONCLUSIONS

The correlation between low income and minority status is very high throughout Arizona. The incidence of minority households experiencing housing problems of cost burden, overcrowding or substandard conditions is also very high. However, it can be said that as both minority and non-minority households move down the income scale, the incidence of housing problems increases dramatically, and appears not to be so much a racial matter as an income matter. Since the percent of minorities who are low income far exceeds their proportionate numbers in the general population, minorities do suffer disproportionately in terms of their basic need of adequate, affordable shelter. It is here where the urgent issues of affordable, standard housing and fair housing intersect, and must be addressed by all sectors involved in housing development. Those agencies—government agencies with funds for affordable housing activities, nonprofits with affordable housing resources, and private sector actors in housing —developers, builders, property owners and managers - must not hide from the harsh realities of real suffering that are hidden behind the statistics in the foregoing paragraphs. Where resources can be allocated to reduce the incidence of housing problems in Arizona, they need to be so allocated, and they should be allocated with the intent of alleviating the disproportionate problems of minority households.

SECTION THREE

**EVALUATION OF THE STATE OF
ARIZONA'S FAIR HOUSING
PROFILE**

Statistics provided by the Civil Rights Division of the Office of the State Attorney General and anecdotal information provided by FHIP grantees in Arizona and respondents to the February 2004 fair housing survey performed by the Arizona Department of Housing begin to describe the extent and nature of fair housing discrimination in Arizona. The phrase, “begin to describe” is used, because it is widely recognized that most fair housing offenses are not reported, and frequently, victims of discrimination do not understand they are being discriminated against. Because of these circumstances, it is easier to draw conclusions about the *nature* of discrimination, than it is to draw conclusions concerning the frequency with which discrimination occurs.

DATA FROM THE ARIZONA ATTORNEY GENERAL’S OFFICE

Table 18 below enumerates, by county, the incidence of the number of charges filed for the September 1990 - November 1995 and September 2000 - April 2004 periods. Contrary to our expectations, there has been a decline in the number of charges filed, both in terms of total and on an annual basis.

The reader should be aware that fully half the State’s population resides in Maricopa County (Phoenix and suburbs) and another one-third reside in Pima County (Tucson). These two counties are also where the Attorney General’s Civil Rights Division maintains offices, and where nonprofit fair housing advocacy agencies, which are FHIP grantees, are active in community education and in handling fair housing complaints.

**Table 18 - Geographical Location of Housing Complaints Filed
September 1990 - November 1995 and Sept. 1990 – April 2004**

County	Community	No. of Files Charged Sept. 1990 – Nov. 1995		No. of Files Charged Sept. 2000 – April 2004	
		Total	Annual	Total	Annual
Maricopa	Phoenix and suburbs	413	79.9	259	70.6
Pima	Tucson	325	62.9	157	42.8
Yavapai	Prescott	9	1.7	9	2.5
Coconino	Flagstaff	7	1.4	7	1.9
Yuma	Yuma	6	1.2	8	2.2
Cochise	Sierra Vista	3	0.6	6	1.6
Gila	Payson	3	0.6	2	0.5
Mohave	Bullhead City	2	0.4	1	0.3
All Other Counties		0	0.0	0	0.0

Tables 19 and 20 display information on the circumstances under which discrimination allegedly occurs and the incidence of discrimination against the various protected classes. Based on the statistics presented below, it is reasonable to conclude that the main issues in complaints pending were related to terms/conditions/privileges relating to services and facilities in rental properties. The primary alleged basis of complaints was related to disability, race and national origin.

**Table 19 - Alleged Issues in Complaints Pending
as of April 30, 2004**

ALLEGED ISSUES	Number	% of Total
Terms/conditions/privileges relating to rental property	109	14.8%
False representation	29	3.9%
Discriminatory refusal to rent	95	12.9%
Otherwise deny or make available	87	11.8%
Services and facilities related to rental properties	47	6.4%
Terms/conditions/privileges relating to services and facilities in rental properties	304	41.3%
Retaliation	1	0.1%
Reasonable accommodations	64	8.7%
Total	736	100.0%

**Table 20 - Alleged Bases of Complaints
Pending as of April 30, 2004**

BASIS of COMPLAINT	Number	% of Total
Familial Status	34	6.4%
Race	107	20.1%
National Origin	91	17.1%
Disability	195	36.6%
Sex	20	3.8%
Mental Handicap	12	2.3%
Retaliation	48	9.0%
Religion	13	2.4%
Color	13	2.4%
Total	533	100.0%

DATA FROM THE ARIZONA DEPARTMENT OF HOUSING SURVEY

The survey performed by the Arizona Department of Housing in February 2004 (see Appendix) provided useful anecdotal reporting on the extent and nature of discrimination in Arizona. The questions in this survey, and a summary of the responses received are listed below.

Question One: What area do you serve?

The respondents serve Maricopa, Pima, Coconino, Cochise, Yavapai, Apache and Navajo counties.

Question Two: Do you believe that housing in the communities served by your organization is generally available without discrimination on the basis of race, color, religion, sex, disability, familial status and national origin?

- A number of respondents agreed, not surprisingly, that discrimination does exist in the communities, which they serve.
- The main types of discrimination identified included discrimination on the basis of disability, followed by race and family size.

Question Three: To the extent discrimination does exist, please describe the forms this discrimination takes.

- Discrimination by disability - Respondents described discrimination against the disability community as usually involving a landlord's unwillingness to make reasonable accommodations for the tenant. Typical complaints fall in the categories of refusal to adapt public spaces, refusal to allow the disabled tenant to make modifications to the unit, and refusal to allow the disabled tenant to have an "assistive" animal.
- Discrimination by Familial Status, Racial and Ethnicity Basis – Familial status appears to be the most problematic form of discrimination currently occurring, although it often is a disguise for racial discrimination. *"...the occupancy standard law passed by the Arizona legislature a few years ago provides an open opportunity for racial discrimination and disparate treatment based on familial status...The law only allows two persons per bedroom, and landlords often preclude large families from renting a two or even three bedroom apartment. Large families are often Hispanic, African American or Asian, who cannot afford to rent three or four bedroom apartments...Hiding behind the law, landlords who may not want to rent to persons of Hispanic, African American or Asian origin can invoke the law and say there are too many people in the family to qualify for the unit."*
- Lack of political support by for low income housing projects.
- Multiple respondents cited NIMBY as a major, ongoing problem, and placed part of the blame for its success on the lack of political will on the part of elected officials who need to make permitting and funding decisions.
- Respondents cited redlining by lenders and insurance companies, and less blatant practices such as losing paperwork, demanding excessive documentation, stalling on the decision, and stipulating terms and conditions that are not imposed on most applicants.
- Respondents noted that discrimination takes place in renting and purchasing housing, financing and appraisals, and purchasing homeowners insurance.
- Finally, staff of the Civil Rights Division of the State Attorney General's Office offered their own

list of observations of the nature of discrimination in the State, based on their extensive experience in litigating and investigating complaints.

- Justice courts tend to favor the landlord and the landlord's attorney, and there is growing suspicion that families and minority households suffer disproportionately at these hearings.
- Also affecting the renter are the amendments to the Arizona Landlord and Tenant Act allowing nearly summary evictions.
- Enforcement agencies do not have a presence in rural areas.
- Relaxation of standards for adult complexes, which will further hurt families trying to rent.
- CC&R's in subdivisions that have these rules, allow the owner to exercise rights of first refusal to sell.
- Non-English speaking households cannot readily find documents that describe their rights written in their native languages.

Question Four: The Fair Housing statutes protect persons on the basis of race, color, religion, sex, disability, familial status and national origin. Do you find that some of these categories experience discrimination more than others? Which categories? Are there typical ways in which they are discriminated against?

- The consensus to this question, which was discussed under Question Three, is that discrimination against people with disability tops the list of the types of discrimination.
- The remarks by one respondent is also shared by several others: "Lying about apartment availability, asking for higher deposits, harassment by making racial slurs, telling handicapped people that no apartment is available, while there is apartment for handicapped available".

Question Five: What positive things can you say about the status of racial discrimination in housing in your community? Are there positive trends taking place?

- There has been some success in the area of partnering with industry professionals to reduce housing discrimination.
- More positive voices and increase in racial mix in various communities.

Question Six: What recommendations do you have for actions that would reduce the level and kinds of discrimination in housing?

Among the responses were these suggestions:

- More education for landlords and apartment management regarding issues related to discrimination in housing and cultural sensitivity.
- More education for landlords and managers of subsidized units. Also, better treatment by apartment officials of mentally ill and people with assistive animals.
- Holding landlords/owners and businesses more accountable to insure fair practices.
- More education and marketing making people aware of their rights.
- More education, awareness about their rights, TV commercials, and radio announcements and advertisement that reach renters and landlords.

- Education and campaign for affordable housing.
- Protection of seniors from noise and drugs.
- Have examples shown of prosecuted landlords.
- More education and awareness for people who do discriminate.

SECTION FOUR

**IDENTIFICATION OF
IMPEDIMENTS TO FAIR
HOUSING CHOICE IN THE
STATE OF ARIZONA**

We humans seem to have a propensity to make substantial efforts to surround ourselves with people who look like and act like ourselves. We immediately evaluate a person by their looks, we make assumptions, and we fit them into our own categories. Likely, we are genetically “hard-wired” to discern who is one of “us”, and who is not, and we often assume that people who are different are of questionable character. But the instincts and behaviors which may have served us well tens of thousands of years ago now cause immense hardship, anger, and disrespect as we continually scan our surroundings to decide who is “us” and who is “them”, and then act on that decision in ways that exclude people from our communities, neighborhoods, and apartment buildings. For instance, consider recent data accumulated on the topic of inter-racial evaluations by the University of Chicago, which was published in the January/February 1996 edition of the Poverty & Race Research Action Council’s bi-monthly newsletter:

“Survey data by the University of Chicago’s National Opinion Research Center (NORC) confirm that white evaluations of blacks and Latinos are strongly negative, especially when compared to white self-ratings. Almost one-third of whites surveyed thought blacks and Latinos were unintelligent, while only one fifth thought they were intelligent. (The rest rated them in a middle category.) By contrast, nearly three-fifths of whites rated their own racial Group as intelligent, and only 6% rated them as unintelligent. On another question inquiring whether various identity Groups were hard working or lazy, whites again had a high opinion of their own work habits (57% hard working, only 5% lazy), while denigrating Latinos and blacks: for Latinos, whites’ ratings were 26% hard working, 37% lazy; for blacks, whites’ ratings were 18% hard working, 47% lazy. While the NORC survey does not convey a completely negative assessment by whites, it does confirm the widespread feeling among African Americans and Latinos that the white community does not think of them with respect, and that this judgment carries over into behavior.”

In an effort to overcome fair housing discrimination and similar disrespectful behavior, we must base our actions on the following question: If a person or family has the ability to pay for a particular dwelling and is willing to live in that dwelling as a good neighbor, then how can that person or family be denied that dwelling, no matter which racial or social class they may come from? Our efforts must be dedicated to reducing the likelihood of that denial happening to the lowest incidence possible, regardless of physical characteristics.

The State of Arizona accepts the responsibility to identify impediments and to identify actions to reduce or eliminate those impediments, as appropriate to the State level of government. In that respect, we must, in addition to contemplating actions at the State level, also turn to Arizona Department of Housing CDBG and HOME local government subgrantees to require their support and action to further identify and remove impediments, as a condition of funding. All activities to ameliorate the identified impediments will be undertaken through a partnership of the State, its grantee subrecipients, fair housing advocates, the Arizona Housing Network and others. We now turn to a discussion of the impediments to fair housing choice as they exist in Arizona, and a list of recommended actions to ameliorate these impediments, along with time objectives for implementation.

LIST OF IMPEDIMENTS AND ACTION STEPS

Impediment Number One: Lack Of Knowledge Of Fair Housing Laws By Housing Consumers

Recommendations for Amelioration or Removal of Impediment Number One:

- Send Public Service announcements (PSAs) to local media in all areas receiving funding from Arizona Department of Housing grant programs periodically that cover fair housing issues.
- Continue to distribute the fair housing brochures on fair housing rights, both in English and Spanish, to all organizations which serve low income, disabled and minority groups.
- Develop LEP (Limited English Proficiency) Plan that maximizes opportunities for publicizing fair housing protections.
- Continue to participate in the Arizona Fair Housing Partnership and actively advocate for more rural initiatives.
- Continue investments in statewide education efforts in all rural counties.

Implementation Timeframes for Impediment Number One:

- The PSAs and brochures will be circulated to the media periodically, commencing September 2004.
- Education efforts contract will be re-evaluated and renewed during August 2004.
- The Limited English Proficiency (LEP) Plan will be developed and completed by December 2004.
- Attendance at the Arizona Fair Housing Partnership is an ongoing responsibility of the department.

Impediment Number Two: Lack Of Knowledge Of Fair Housing Laws By Housing Industry Agents: Realtors, Builders, Landlords, Management Agents, Lenders And Insurers.

Recommendation for Amelioration or Removal of Impediment Number Two:

- Assess the success of ADOH's fair housing education plan (revamped in 2003) and re-examine the segments of the industry most in need of education and develop a plan to provide training to these groups statewide. Key in this effort will be a continued department commitment to training in all rural counties and training at department compliance events for property managers. Additionally, pending the re-evaluation scheduled for August, the Department will continue to require its education provider to target housing industry agents as well as housing consumers in its overall training offerings.

Implementation Timeframes for Impediment Number Two - September 2004 - September 2007.

- Education efforts contract will be re-evaluated and renewed during August 2004.

Impediment Number Three: Lack of Hard Data on the Extent of Discrimination in the Areas of Homebuyer Insurance, Zoning and Permitting Processes

Recommendations for Amelioration or Removal of Impediment Number Three:

- Initiate activities that will result in an empirical study of the availability and terms of homeowner insurance in predominately minority and low income census tracts. Interest by the State Department of Insurance, ASU and/or UofA faculty in designing and performing the analysis will be sought.
- Approach the Arizona Planning Association and Arizona's institutions of higher education to seek their commitment to a study of the effects of zoning and permitting on fair housing in a small sample of rural Arizona communities.

- Arizona Department of Housing will continue to provide technical assistance on how to include meaningful housing elements in rural Arizona comprehensive plans.

Implementation Timeframes for Impediment Number Three:

- Discussions concerning the insurance and zoning studies will commence in September 2004 and studies will be complete by September 2005.

Impediment Number Four: Testing Of Rental, Sales, Lending And Insurance Activities Is Intermittent, And Does Not Usually Cover The State Outside Of Maricopa And Pima Counties.

Recommendations for Amelioration or Removal of Impediment Number Four:

- Meet with FHIP grantees and other fair housing advocates to determine which aspects of fair housing are the highest priority to test, and which geographic locations are the highest priorities in which to test. At least one urban and one rural area will be identified for testing. The cost of testing will be determined and funding sources will be sought.

Implementation Timeframes for Impediment Number Four:

- Meetings to determine what to test and where to test, and the cost of a testing program will commence in 2005. Funding for testing on priority issues and in priority locations will be sought throughout the four-year duration of this Analysis of Impediments.

Impediment Number Five: Not In My Back Yard (NIMBY) Attitudes Concerning Housing For Low Income And Disabled Persons.

Recommendations for Amelioration or Removal of Impediment Number Five:

- Sponsor training for housing and disability community agencies and advocates, staff of local governments, and other interested parties at which anti-NIMBY strategies will be discussed, using models that have worked successfully in Arizona and elsewhere.
- Ensure that all ADOH-sponsored training includes strategies for housing developers to overcome NIMBY attitudes including information on building public support for affordable housing projects.
- Undertake, in partnership with the Arizona Housing Commission, a public education campaign about the importance of affordable housing to Arizona community health.
- Communities which receive CDBG and HOME funds will be advised that, as a result of receiving a grant from Housing Department, the State will require the local government to advocate for and support housing activities which benefit low income persons and persons covered by the fair housing act. A planning process for implementing *specific* requirements and guidelines for grantees will be undertaken.

Implementation Timeframes for Impediment Number Five:

- Recipients of 2005 and later year's CDBG and HOME funds will be advised of the State's expectations concerning support of fair housing, and the state's position as an anti-NIMBY advocate. The planning process for the development of specific expectations will take place before the 2005 grant award process and will be continuously revisited during future award years.

SECTION FIVE

**PUBLIC AND PRIVATE FAIR
HOUSING ACTIVITIES**

Both the public and private sectors in Arizona are actively working to remove impediments to fair housing choice. These activities, some of which have been recently undertaken, and others which are ongoing, are discussed below.

FEDERALLY FUNDED ACTIVITIES

Three Arizona agencies are recipients of Fair Housing Initiatives Program (FHIP) grants. These agencies are all grateful for the opportunity to obtain and use these grants, which primarily fund the testing of rental, new subdivision sales, and Group home activities. The three FHIP grantees are the Civil Rights Division of the Office of the Arizona Attorney General, the Arizona Fair Housing Center, and the Southern Arizona Housing Center. The activities of these agencies are primarily focused on the Phoenix and Tucson metropolitan areas. The agencies are active advocates for fair housing issues, and provide education, mediation and complaint services to the community. All three agencies expect to compete for FHIP funding, if there are new appropriations for the program.

STATE OF ARIZONA ACTIVITIES

The foremost participant in activities which further fair housing in Arizona is the Office of the Attorney General. The Civil Rights Division has the authority, as a designated “substantially equivalent agency”, to actively investigate and litigate fair housing violations throughout the State. In its recent review of the fair housing enforcement functions of the Civil Rights Division, the Director of the San Francisco HUD Office Fair Housing Enforcement Center, lauded the work of the Attorney General’s staff:

“We would also like to take this opportunity to convey our impression that the vast majority of work undertaken by the Arizona Office of the Attorney General - Civil Rights Section/Housing Division during this evaluation period has been of the highest quality...your work reflects a commendable management ethic not to sacrifice the quality of the investigation or the rights or remedies of complainants, for ‘numbers’...We also believe that your agency’s willingness to pursue litigation of cause cases which fail at conciliation puts your agency at the forefront of FHAP agencies monitored by this Region, if not nationally.”

The Arizona Department of Housing has also actively worked to further fair housing, by funding activities which provide forums for discussion and education. The Arizona Housing Summit, which attracted persons from around the state involved in housing, provided workshops on fair housing issues. The State has also funded fair housing activities out of the Housing Trust Fund in 2002 and 2003. These activities are listed below:

- Southwest Fair Housing Council received \$265,000 in 2003 to use for education and advocacy programs related to fair housing in the 13 rural counties of Arizona.
- Southern Arizona Housing Center received \$48,633 in 2002 to further fair housing education in several central and southeastern Arizona rural counties.
- Arizona Fair Housing Center received \$49,225 to provide fair housing training in Maricopa, Coconino, Yavapai, Navajo and Apache and counties
- Community Legal Services received \$19,263 to work on fair housing education issues in La Paz, Mohave and Yuma counties.

The Arizona Department of Real Estate has also actively been involved in fair housing, primarily through education of the real estate community. In 1993, the Department sponsored an Affordable and Fair Housing Symposium, which attracted more than six hundred real estate licensees from around the state. The premise of the meeting was that “everyone in the United States should have an equal opportunity to obtain adequate housing” and that real estate licensees must help facilitate this goal, and further to teach real estate licensees about discrimination and the subtle and not-so-subtle forms it takes. Many of us remember a presentation at the opening panel discussion by Carol Carpenter, a former Maricopa County Supervisor and an attorney. She vividly described how she was discriminated against as she searched for rental housing for herself and her young daughter. The Symposium then broke into workshops which included sessions on the National Association of Realtor’s Voluntary Affirmative Marketing Agreement, “How to Practice Safe Lending”, how testing is performed, and “Disabilities and the Law: What are Your Responsibilities?”

In 1991, the Department of Real Estate, with the active support of the Commerce Department, formed the Joint Committee on Fair Housing. This Group participated in the 1993 Symposium, as well as actively planned and participated in the 1995 Housing Summit. The Joint Committee’s membership included representatives from the Homebuilders, Realtors®, Multihousing, Mortgage Bankers, CHRB, LISC, HUD, RECD, the state Departments of Real Estate, Commerce, Insurance, Banking and the Attorney General’s Office.

In 1994, the Committee oversaw the creation of a fair housing poster and brochure, a transit advertising campaign, and the creation of the format and recruitment of presenters for the Housing Summit. Other recent activities included the design and delivery of a six hour fair housing instructor development workshop, which was attended by over 100 persons. At the beginning of 1995, as an outcome of the Arizona Housing Summit, the Joint Committee began to transform into the Arizona Housing Network, which envisions functioning as a neutral body of parties that represent the interests of affordable housing that all sectors of the housing industry could turn to for assistance.

The Arizona Housing Network has the mission “to provide responsible public-private leadership in fair and affordable housing issues through education, research and public outreach in order to enhance our communities”. The Network will function as a statewide body that will work to establish and coordinate local coalitions. The Network will work to be inclusive, seeking statewide representation from the public and private for profit and nonprofit sectors and public entities. The first year goals of the Network are to:

- Complete a publication on how to buy a house, sponsor fair housing posters, and pursue 501(c)(3) status.
- Establish relations with existing local coalitions and incubate new coalitions
- Sponsor a poster and essay contest with an affordable/fair housing day at the State Capitol.
- Better coordinate and market existing training programs.
- Produce an affordable housing newsletter.
- Participate in the preparation of this Analysis of Impediments to Fair Housing.
- Provide advice on federal, state, and local housing policy, laws, regulations and programs
- Play an ombudsman, mediation role with public and private organizations.
- Perform fundraising
- Elevate public awareness on fair housing and affordable housing issues.

During the Housing Summit, more than eighty persons from throughout Arizona volunteered to be part of the Housing Network. The levels of energy and commitment, plus a general feeling of enthusiasm, strongly indicate that the network will provide a substantial stimulus for the development of both fair and affordable housing initiatives throughout Arizona.

The Department of Real Estate also developed the script and recruited the “actors” for highly regarded fair housing mock trials, which dramatically portrayed fair housing violations. These trials were presented around the state, and were attended by 1,700 persons, most of whom were real estate licensees. The Department believes that the mock trials were the catalyst for a surge in fair housing education throughout Arizona.

The Department of Real Estate sponsors many fair housing courses, which are offered over the course of a year. As part of their VAMA agreements, homebuilders, real estate licensees and rental property managers must all receive at least three hours of fair housing training, over a period of two years. The courses offered cover basic fair housing tenets, disability statutes, property management and fair housing, occupancy standards, and fair credit.

PRIVATE SECTOR ACTIVITIES

Both the Arizona Association of Realtors® and the Central Arizona Homebuilders are participants in Voluntary Affirmative Marketing Agreements (VAMA). These agreements have the purpose of acknowledging that fair housing violations do exist, and the housing industry must be educated and vigilant to assure that all persons have equal access to housing. The Realtors® and Homebuilders require the participation of their members in the courses described above, develop and distribute brochures and publications on fair housing issues, monitor advertising for compliance and actively participate in forums and the Arizona Housing Network, which has replaced the Joint Committee on Fair Housing.

In closing, the public and private sectors involved in housing in Arizona do actively participate in and support fair housing efforts. As mentioned in many places throughout this document, fair housing’s greatest enemy is ignorance, and the agencies mentioned in this section work hard to dispel myth and ignorance about the protected classes.

APPENDIX

**SURVEY OF STATEWIDE
FAIR HOUSING
ADVOCACY ORGANIZATIONS**



To: Affordable Housing & Fair Housing Advocacy Groups in Arizona
Date: February 24, 2004
From: Ondrea, Barber, Technical Assistance Coordinator
Subject: SURVEY ON FAIR HOUSING ISSUES

The Department of Housing is currently in the process of preparing the HUD-required analysis of impediments to fair housing in Arizona and we need your assistance. Please complete the survey and return it to Ondrea Barber at (602-771-1002), no later than Friday March 15, 2004. Your responses to this survey will assist us in documenting existing impediments and will augment statistical data we are collecting and formatting. Please feel free to attach additional comments, if you wish to do so.

1. What is your service area (city, county, etc.)?
2. Do you believe that housing in the communities served by your organization is generally available without discrimination on the basis of race, color, religion, sex, disability, familial status, and national origin?
3. To the extent that discrimination does exist, please describe the form(s) this discrimination takes: Some examples include:
 - a. Lack of political support for affordable housing programs and/or fair housing efforts.
 - b. Not in my backyard (NIMBY) on location and/or funding of affordable housing.
 - c. Unavailability of sites suitably zoned for affordable housing, i.e.: manufactured housing, higher densities.
 - d. Other zoning issues, such as requiring large lot sizes, dedicated parcels for parks, schools, churches; expensive amenities, such as tile roofs, expensive facades.
 - e. Unwillingness of local lenders to underwrite mortgage loans and multifamily loans for affordable units and low income households.
 - f. Unwillingness of homeowner insurance companies to underwrite insurance for low-income households in low income and/or racially impacted neighborhoods.
 - g. Steady stream of complaints about discrimination in the sale or rental of housing.
4. The Fair Housing statutes protect persons on the basis of race, color, religion, sex, disability, familial status and national origin. Do you find that some of these categories experience discrimination more than others? Which categories? Are there typical ways in which they are discriminated against?
5. What positive things can you say about the status of racial discrimination in housing in your community? Are there positive trends taking place?
6. What recommendations do you have for actions that would reduce the level and kinds of discrimination in housing?

Please attach any additional comments.