



**CITY OF DURHAM | NORTH CAROLINA**

**Date:** November 20, 2012

**To:** Thomas J. Bonfield, City Manager  
**Through:** Keith Chadwell, Deputy City Manager  
**From:** Reginald J. Johnson, Director  
Department of Community Development  
**Subject:** Analysis of Impediments to Fair Housing Choice (AI)

### **Executive Summary**

The Housing and Community Development Act of 1974, as amended, is the dominant statute for the Community Development Block Grant (CDBG) program. It requires that each federal grantee certify to HUD's satisfaction that 1) the awarded grant will be carried out and administered according to the Fair Housing Act, and 2) the grantee will work diligently to affirmatively further fair housing. This certification requires the completion of an Analysis of Impediments to Fair Housing Choice (AI). A public hearing was held on August 20, 2012 to receive citizen comments on the Draft 2012 AI. Public comments were received and City Council asked the Department to bring forth a recommendation for approval.

### **Recommendation**

The Department of Community Development recommends that the City Council adopt the 2012 Analysis of Impediments to Fair Housing Choice (AI) with the modifications as described under Issues/Analysis in this Memorandum.

### **Background**

As a recipient of federal funding and in compliance with HUD regulation 24 CFR 91.225, the City of Durham is required to conduct an AI every five years in coordination with the Consolidated Planning Process. Impediments to Fair Housing Choice are defined as any actions, omissions, or decisions which have the effect of restricting housing choices or the availability of housing choice on the basis of

the seven protected classes under the Fair Housing law, which are race, color, religion, sex, disability, familial status or national origin.

The AI is a review of a jurisdiction's laws, regulations and administrative policies, procedures and practices affecting the location, availability and accessibility of housing, as well as an assessment of conditions, both public and private, affecting fair housing choice.

The City issued a Request for Proposal for an agency to conduct a detailed AI and Urban Design Ventures, LLC (UDV) of Homestead, Pennsylvania was selected. During the development of the AI, UDV conducted meetings and interviews with local organizations and city staff. UDV has completed the Draft AI and has identified eight Impediments to Fair Housing Choice. Also included in the AI is the City's plan of action for addressing the impediments during the next five years. The eight impediments are described follows:

1. Lack of Affordable Rental Housing Units- The cost of rent for apartments has increased to the point that almost half of all households with incomes less than 50% of the median income are cost overburdened.
2. Lack of Affordable Housing Units for Sale- The cost to purchase a single family home has increased significantly outside areas of low/mod income concentration, limiting the choice of housing for lower income households.
3. Areas of Concentration of Minorities-There are areas in the central and eastern sections of the City where the minority population is more than 70% of the area's population.
4. Fair Housing Education and Outreach- There is a continuing need to educate persons about their rights under the Fair Housing Act and raise awareness of fair housing choice.
5. Fair Housing Logo and Disclaimer Clause – The Fair Housing logo and disclaimer clause are not uniformly used in advertisements of housing publications.
6. Accessible Housing-There is a lack of accessible housing that is decent, safe, sound, sanitary, and affordable to persons with disabilities.
7. Public Policies and Regulations – The City-County Unified Development Ordinance (UDO) appears to be restrictive in

regard to the development of multi-family housing, group living, supportive care housing, and does not contain references to the Federal Fair Housing Act, Section 504, Americans with Disabilities Act, etc. Additionally, the City's "Subsidized Housing Location Policy" needs to be revised.

8. Private Lending Practices- The Home Mortgage Disclosure Act (HMDA) suggests that there is a disparity between the approval rates of home mortgage loans that are originated from white and minority applicants.

The AI will serve as the substantive, local basis of Fair Housing planning and provide essential and detailed information to policy makers, administrative staff, housing providers, lenders and fair housing advocates to determine barriers to fair housing choice and the actions for addressing them. Although HUD does not directly approve the AI, its submission is a required component of the Durham's Consolidated Plan's performance reporting for receiving grant formula funds.

### **Issues/Analysis**

A public hearing was held on August 20, 2012 to receive citizen comments on the Draft 2012 AI. From this public hearing, citizen comments were received which requested several changes to the document. The requested changes to the AI were submitted as follows:

1. On page 6, Impediment 1: Lack of Affordable Rental. The City has identified that low income renters with incomes between 30% and 50% AMI are severely challenged. The Analysis then states that the corresponding goal should be to: **"Promote and encourage the development of affordable rental housing units especially for households whose income is less than 50% of the median income."** We urge the re-writing of the goal as to: "Promote and encourage the development of affordable housing (whether rental or homeownership) for households whose income is less than 50% of the median income." While the goal as written is laudable, it is narrowly written, and overlooks homeownership as a means of addressing the needs of renters with incomes less than 50% AMI. Most Habitat homeowners previously were renters at those income levels, and their mortgages are often less than the prior rent.
2. On page 22, in the last sentence of the second paragraph, the Analysis states that "The ratio between owner occupied and renter occupied and renter occupied housing units is very close to

1:1.” We urge the addition of the following sentence: **“This is not to say that there are no great disparities in owner occupied compared to renter occupied units in certain census tracts.”** The added sentence would give a much clearer picture of households tenure challenges at the neighborhood level and is fully supported in the Appendix by the map labeled, “Percent of Owner-Occupied Housing units, City of Durham, North Carolina by Census Tract.”

3. On page 37, in the Housing Profile Section, in the first sentence, the Analysis states that “The City of Durham’s Housing stock can be considered ‘newer’ when compared to the relative age of the housing stock across the United States.” We urge the addition of the following sentence, preferably accompanied by a corresponding map: **“This is not to say that aged housing stock is not an issue in certain census tracts.”** The added sentence and map would give a fuller picture of the challenges of aged housing stock at the neighborhood level.

The Department of Community Development recommends that the City Council accepts the recommendations of the Department and Urban Design Ventures, LLC, the consultant for the AI, as it relates to citizen comments received at the public hearing which requested several changes to the Draft AI. Through a collaborative effort, the Department and Urban Design Ventures, LLC, reviewed the requested changes as identified under Issues/ Analysis within this Memorandum and developed the following recommendations:

- 1) No change – Impediment #1 is specific to rental housing and Impediment #2 is specific to home ownership. As such, we would like to have the two issues separately addressed and not combined as suggested.
- 2) Change – The second paragraph on page 22 will now read as follows (It should be noted that on page 23 the last paragraph provides additional detail on the ratio disparity):

The City of Durham is experiencing an increase in the number of renter-occupied and owner-occupied housing units. From 2000 to 2010, housing units increased from 74,981 to 93,441. From 2000 to 2010, owner occupied housing units increased from 36,645 (48.9%) to 46,571 (49.8%) and the percentage of renter occupied housing units decreased from 38,336 (51.1%) to 46,871 (50.2%) even though the number of rental housing units actually increased. **Citywide**, the ratio between owner occupied and renter occupied housing units is very close to 1:1, with a slight increase of owner occupied housing in

the ten year period. While the combined total ratio of owner occupied to renter occupied housing units throughout the City of Durham is very close to equal, there are disparities in certain Census Tracts of the City where one tenure type is noticeably greater than the other.

- 3) No change – Providing the suggested comment is irrelevant to the discussion of impediments to fair housing choice. The year that the housing units were built is relevant only to lead-based paint requirements which is addressed on page 39 of the AI.

### **Alternatives**

The only flexibility that the City has is in determining the date for submission to HUD. HUD expects to receive the AI by the end of December 2012.

### **Financial Impact**

Failure to have and follow a policy designed to affirmatively further fair housing choice places a jurisdiction in violation of HUD mandates for the Consolidated Plan funding and will jeopardize receipt of future funding.

### **SDBE Summary**

Not applicable to this item.